



Sewerage and Water Board

OF NEW ORLEANS, LOUISIANA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEARS ENDED
DECEMBER 31, 2017 and 2016**

About The Cover

The Water Hammer Hazard Mitigation Program will help protect the Sewerage and Water Board (S&WB) Water distribution system piping from future damage due to water hammer. Water hammer is the transient surge of water pressure caused by intermittent losses in power at the plant. The water tower projects will help to reduce future leaks caused by water hammer and help mitigate the loss of water pressure due to power interruptions. These upgrades will allow plant personnel time to switch the electrical power source from commercial power to the S&WB's own generated power in the event of an interruption. The two new elevated water tanks planned for the Carrollton Plant will be a compliment to those tanks currently in service. The new tanks will have a combined capacity of 4 million gallons and not exceed 200 feet in height. The Claiborne Tower should be operational in November 2018 and the Panola Tower completed in March 2019.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

**Comprehensive Annual Financial Report
For The Year Ended
December 31, 2017 and 2016**

**Prepared by:
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Chief Financial Officer
And
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Finance Administrator**



Sewerage & Water Board of New Orleans

Our Mission & Vision

Our Mission

We serve the people of New Orleans and improve their quality of life by providing safe drinking water; removing waste water for safe return to the environment; and draining storm water to protect our community. Our team of experts do this reliably, continuously, and at a reasonable cost.

Our Vision

Our vision is to earn and hold the trust and confidence of our customers and community for reliable and sustainable water services; and to be a model utility in the water industry.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Comprehensive Annual Financial Report
Years ended December 31, 2017 and 2016

TABLE OF CONTENTS

I.	INTRODUCTORY SECTION	<u>PAGE(S)</u>
	Transmittal Letter	I-1
	Graph	I-10
	Certificate of Achievement for Excellence in Financial Reporting	I-11
	Board of Directors of the Sewerage and Water Board of New Orleans	I-12
	Committees of the Sewerage and Water Board of New Orleans	I-13
	Executive Staff	I-14
	Organizational Chart	I-15
II.	FINANCIAL SECTION	
	Independent Auditors' Report	II-1
	Management's Discussion and Analysis (Required Supplementary Information)	II-4
	Basic Financial Statements:	
	Government – Wide Financial Statements – Enterprise Fund:	
	Statements of Net Position	II-21
	Statements of Revenues, Expenses and Changes in Net Position	II-23
	Statements of Cash Flows	II-24
	Fund Financial Statements – Fiduciary Fund	
	Statements of Fiduciary Net Position – Pension Trust Fund	II-26
	Statements of Changes in Fiduciary Net Position – Pension Trust Fund	II-27
	Notes to Financial Statements	II-28
	Required Supplementary Information under	
	GASB Statement No. 67, 68, and 71	II-72
	GASB Statement No. 67, 68, and 71	II-73
	GASB Statement No. 45	II-74
	Supplementary Information:	
	Net Position by Department	
	Enterprise Fund – Schedule 1	II-75
	Revenues, Expenses, and Changes in Net Position by Department	
	Enterprise Fund – Schedule 2	II-77
	Schedule of Property, Plant, and Equipment in Service by Department	
	Schedule 3	II-78
	Schedule of Bonds Payable	
	Schedule 4	II-79

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Comprehensive Annual Financial Report
Years ended December 31, 2017 and 2016

TABLE OF CONTENTS

II. FINANCIAL SECTION (continued)	<u>PAGE(S)</u>
Schedule of Cash Receipts and Disbursements – Debt Service and Debt Service Reserve Required by Bond Resolution Schedule 5	II-80
Schedule of Changes in Self-Insurance Liabilities by Department Schedule 6	II-81
Schedule of Compensation, Benefits, and Other Payments to the Executive Director Schedule 7	II-82
 III. STATISTICAL SECTION (UNAUDITED)	
This part of the Board’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Board’s overall financial health.	
Summary of Statistical Information	III-0
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the Board’s financial performance and well-being have changed over time.</i>	
Net Position by Component – Last Ten Years	III-1
Changes in Net Position by Component – Last Ten Fiscal Years	III-2
Revenues and Expenses by Source – Enterprise Fund Last Ten Fiscal Years	III-3
Revenue Capacity	
<i>These schedules contain information to help the reader assess the Board’s most significant local revenue source, the property tax.</i>	
Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	III-4
Property Tax Rates – Direct and Overlapping Governments Number of Mills – Last Ten Years	III-5
Ten Largest Taxpayers – December 31, 2017 and Ten Years Ago	III-6
Property Tax Levies and Collections by the City of New Orleans Last Ten Fiscal Years	III-7
Water and Sewer Rates – Last Ten Fiscal Years	III-8
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the Board’s current levels of understanding debt and the Board’s ability to issue additional debt in the future.</i>	
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	III-9
Computation of Direct and Overlapping Debt – December 31, 2017	III-10

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Comprehensive Annual Financial Report
Years ended December 31, 2017 and 2016

TABLE OF CONTENTS

III. STATISICAL SECTION (UNAUDITED) (continued)	<u>PAGE(S)</u>
Revenue Bonds Debt Service Coverage:	
Water Bonds – Last Ten Fiscal Years	III-11
Sewer Bonds – Last Ten Fiscal Years	III-12
Unrestricted Cash and Cash Equivalents Days of Operating and Maintenance Expense at Year End:	
Water System – Last Four Fiscal Years	III-13
Sewer System – Last Four Fiscal Years	III-14
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place.</i>	
Demographic Statistics – Last Ten Fiscal Years	III-15
New Orleans Area Principal Employers (Non-Public) – Last Ten Fiscal Years	III-16
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Board's financial report relates to the services the Board provides and the activities it performs.</i>	
Capital Expenditures by Department – Enterprise Fund Last Ten Fiscal Years	III-17
Schedule of Future Debt Payments:	
Water	III-18
Sewer	III-19
Drainage	III-20
Total	III-21
Property Value, New Construction and Bank Deposits Last Ten Fiscal Years	III-22
Capital Asset Statistics by Function – Last Ten Fiscal Years	III-23
Number of Active Employees – Last Ten Fiscal Years	III-24
IV. SUPPLEMENTAL SECTION (UNAUDITED)	
2017 Actual Capital Expenditures – Water Department	IV-1
2017 Actual Capital Expenditures – Sewerage Department	IV-2
2017 Actual Capital Expenditures – Drainage Department	IV-3
2017 Actual Capital Expenditures – Power Projects	IV-4
2017 Actual Capital Expenditures – General Budget Items	IV-5
Analysis of Pumping and Power Department	
Power Purchased and Produced – 2005 through 2017	IV-6

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Comprehensive Annual Financial Report
Years ended December 31, 2017 and 2016

TABLE OF CONTENTS

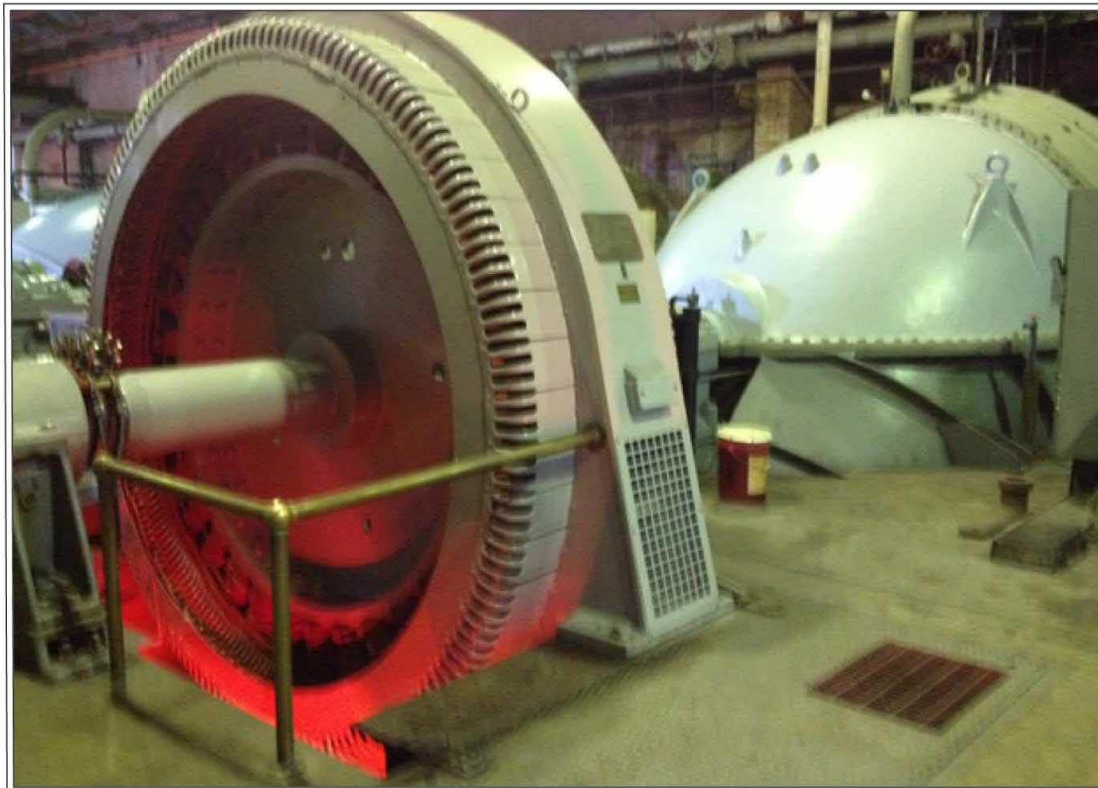
IV. SUPPLEMENTAL SECTION (UNAUDITED) (continued)	<u>PAGE(S)</u>
Pumping and Power Department – 2017	IV-7
Gallons Metered – Pay Water Consumption – 2017	IV-8
Monthly Water and Sewerage Rate Collections – 2017	IV-9
Table of Water Purification Operations and Table of Water and Sewerage Distribution System	IV-10 thru IV-32
Table of Rainfall in New Orleans – Last Ten Years	IV-33
Benchmarking	IV-34

INTRODUCTORY SECTION



Located in the Power Plant at the S&WB Carrollton Water Purification Plant is Turbine No. 4. In the process of its refurbishment, the turbine has a new electrical switchgear. It is a new 6,600V - 25Hz electrical medium voltage metal clad switchgear that replaces the existing 6,600V switchgear. This is a critical component of the overall Steam Turbine Generator No. 4 assembly. The switchgear is a combination of electrical disconnect switches, fuses or circuit breakers used to control, protect and isolate electrical equipment.

Since its founding, the S&WB has always had its own power source to operate various systems. Serving the citizens of New Orleans since the 1950's is Turbine No. 4 at the Board's Water Purification and Power Plant. It is capable of producing as much as 20 megawatts of 25 cycle power. This power runs the 25 cycle power water distribution pumps and 25 cycle power drainage pumps throughout the city. Since Turbine No. 4 is a permanent mounted structure, it was necessary to work inside the structure with portable machinery for the purpose of refurbishing it to its original condition with a capacity of 20 megawatts.



The Drainage system of today dates back to the turn of the century. The New Orleans Drainage Commission was established in 1896 and merged with the Sewerage and Water Board. This is a photo of drainage pump C at Drainage Pumping Station No. 6. The station was built in 1899 on the 17th Street Canal. Pump C was commissioned in the 1920's to add to the station's drainage pumping capacity. Today, as with pump C, many of the drainage pumps at the station have been refurbished, rebuilt or upgraded.



"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21ST CENTURY"

Sewerage & Water Board OF NEW ORLEANS

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NEW ORLEANS, LA 70165 • 504-529-2837 OR 52-WATER
www.swbno.org

November 30, 2018

The Honorable LaToya Cantrell, President, and
Members of the Sewerage and Water Board of New Orleans
625 St. Joseph Street
New Orleans, LA 70165

Ladies and Gentlemen:

We are pleased to present the Sewerage and Water Board of New Orleans' (hereinafter referred to as "the Board") Comprehensive Annual Financial Report (CAFR) for the years ended December 31, 2017 and 2016. The purpose of this report is to provide the Board of Directors, investors, members of the public, and other interested parties reliable information about the Board. The Board's financial statements were prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP), as promulgated by the Government Accounting Standards Board (GASB) and audited by a firm of independent certified public accountants retained by the Board. Pursuant to LA Revised State Statute 24:513(A), the Board is required to have its financial position examined and audited each year by licensed certified public accountants.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests solely with the Board. It is our belief that the data, as presented, is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position, results of operations, and cash flows of the Board's Enterprise and Pension Trust Funds. Any disclosure included is necessary to enable the reader to gain an understanding of the Board's financial activities have been included.

COMPREHENSIVE ANNUAL FINANCIAL REPORT SECTIONS

The CAFR is organized into four sections (1) Introductory, (2) Financial, (3) Statistical, and (4) Supplemental. The Board's management is responsible for and assumes responsibility for completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. The internal control framework is designed to give reasonable assurance that the cost of internal controls should not exceed the benefits derived from the controls and that the financial statements are free from material misstatements. The internal control over financial reporting is a process designed by, or under the supervision of, the Board's executive director, and the chief financial officer, and the finance administrator, and effected by the Board or Directors, management, and other personnel to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of financial statements for external purposes in accordance with general accepted accounting principles.

Postlethwaite & Netterville (P&N), a Professional Accounting Corporation, has been retained by the Board to serve as its independent auditors and has issued an unbiased opinion on the Board's financial statements for the years 2017 and 2016. The independent's auditor's report is located at the front of the Financial Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Sewerage and Water Board's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF SEWERAGE AND WATER BOARD OF NEW ORLEANS

Sewerage and Water Board of New Orleans is a political subdivision created in 1899 by Louisiana State Statutes. The Board is charged with construction, operation, and maintenance of Water, Sewerage, and Drainage Systems for the City of New Orleans. By agreement, approximately 2,550 acres of adjoining Jefferson Parish is served by the Board's drainage facilities for which Jefferson Parish pays its pro rata share of expenses. We also provide some residential sewer service within Plaquemines Parish.

The Board was established as a "special board" operating independently of city government. Effective January 1, 2015, the Board's makeup changed to eleven members, including the Mayor to serve as the President of the Board of Directors, two (2) members of the Board of Liquidation, City Debt, and eight (8) citizens, as designated by the State Statutes. The initial terms of office shall be staggered from one year to four years, as designated by State Statutes, as well.

The Board of Directors is responsible for, among other things, passing resolutions, adopting the budget, appointing committees, and hiring the Board's Executive Director and General Superintendent. The Board's Executive Director is responsible for carrying out the policies and resolutions of the governing board and overseeing the day-to-day operations of the Board.

The Board of Directors is required to adopt an Operating and Maintenance Budget and Capital Budget inclusive of a ten (10) year Capital Program no later than December 31 of the fiscal year for the Enterprise Sewerage, Drainage, and Water system funds. The annual budget serves as the foundation for the Board's financial planning and control.

The Board employs approximately 1,400 individuals, consisting of managers; engineers; operators; machinists; laboratory chemists; technicians; environmental experts; pumping and power professionals; experienced pipe, valve, and fire hydrant repair crews; and administrative support personnel; all working together to maintain a system that strives to be the best in class.

The Sewerage and Water Board of New Orleans' vision is to have the trust and confidence of our customers for reliable and sustainable water services. We value quality and reliable service to our customers at a reasonable cost, support the community, and our employees. The mission of the Sewerage and Water Board of New Orleans is to provide safe drinking water to the everyone in New Orleans, to remove waste water for safe return to the environment, to drain away storm water, to provide water for fire protection, to provide information about products and services, and to do all of this continuously at a reasonable cost to the community.

The Board meets the criteria for classification as an "other stand-alone government" as described in Governmental Accounting Standards Board Statement No. 61. The reporting entity includes the Enterprise Fund and the Pension Trust Fund. The Enterprise Fund is composed of three (3) independent systems: Water, Sewerage, and Drainage.

ECONOMIC GROWTH AND OUTLOOK

The history of the Sewerage and Water Board of New Orleans shows that its service area includes the Civil Parish of Orleans in the state of Louisiana which covers 364 square miles. The City of New Orleans is the most populous city in the State of Louisiana. According to the US Census Bureau, the 2017 estimated population was 393,292. A major port, New Orleans is considered an economic and commercial hub for the broader Gulf Coast region of the United States.

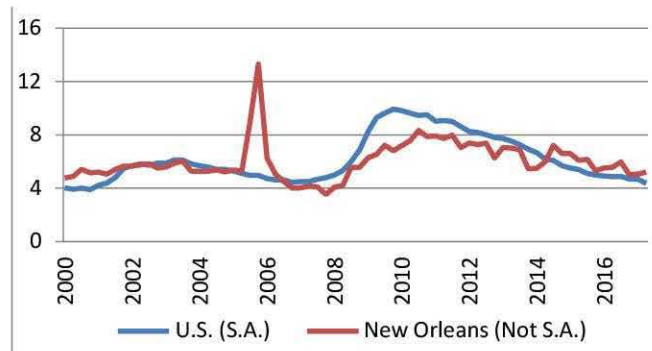
The Mississippi River flows generally south for 2,320 miles through New Orleans and pours into the Gulf of Mexico. The river is part of the second-largest drainage system in the United States.

Two interstate highways cross New Orleans: Interstate 10 (I-10), a major east-west transcontinental Interstate Highway in the Southern United States, and Interstate 610 (I-610), an auxiliary route of Interstate 10 that lies almost entirely within the city limits of New Orleans. The railroad network is tied together by the New Orleans Public Belt Railroad, a publicly-owned terminal switching and consolidation entity operating on 27 miles of track along the Mississippi River. New Orleans is a stop on Amtrak's Chicago-New York-Los Angeles routes.

The New Orleans Metropolitan Area or the Greater New Orleans Region includes Jefferson, Plaquemines, St. Bernard, St. Tammany, St. Charles, St. John the Baptist, and St. James Parish. The distributions of New Orleans metro area locals with respect to their parish of residence is that most live in Jefferson (34%) and Orleans (31%) parishes. After Hurricane Katrina, it was estimated that the City population was as low as 187,525. By 2010, the Census Bureau estimated the population to be 343,829. Recent estimates for the second quarter in 2017 indicate that the population was up 14.4% since the 2010 census was completed.

The unemployment rate in New Orleans has been declining in recent years. During Quarter 2 of 2017, the New Orleans metro area had an unemployment rate of 5.2%, a decrease from 5.6% reported in the same quarter last year. During the calendar year, noticeable gains in the number of jobs year to date were for Hospitals (private) (9.6%), General Merchandising Stores (7.8%), and Administrative, Support, & Waste Management (6.5%). There were noticeable job losses in the areas of Information (-11.9%), Mining & Logging (-10.5%), and State Government (-7.0%).

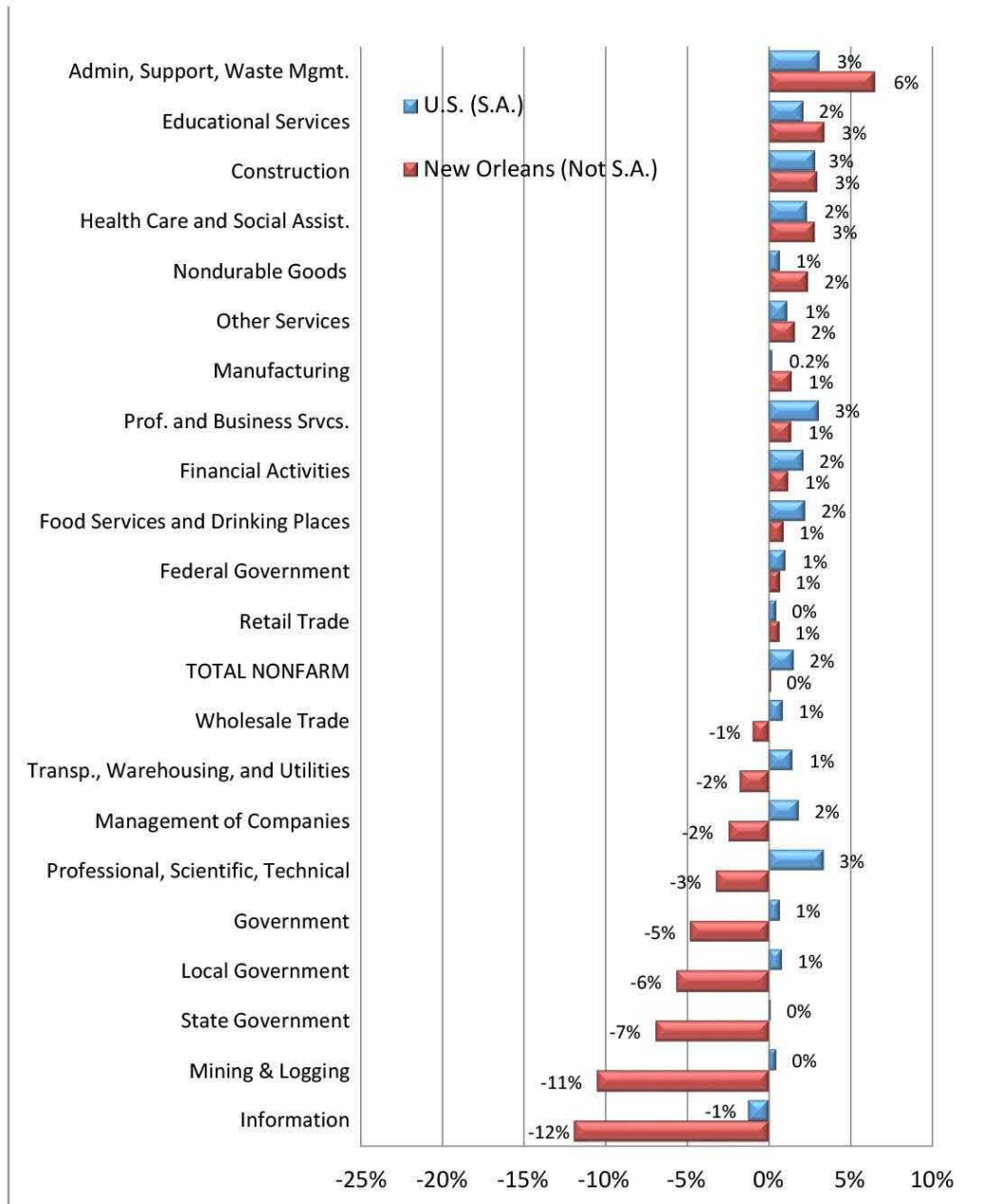
Figure 5: Unemployment Rate - New Orleans MSA vs. U.S.
Quarterly (%)



Sources: BLS and DBER

Personal income in the New Orleans area experienced a decrease of 2.4% in the average weekly wage during Quarter 4 of 2016 from the same quarter last year, and an increase of 0.1% year to date. Sectors that reported the largest weekly wages (year to date) include mining, management of companies and enterprises, manufacturing, and finance and insurance. The lowest weekly wage was reported for accommodation and food services, retail trade, and other services.

**Figure 6: Employment Growth - New Orleans MSA vs. U.S.
2016 YTD to 2017 YTD (%)**



Sources: BLS and DBER

In 2017, some of the major industries in New Orleans that experienced growth were Health Care & Social Assistance; Leisure & Hospitality; Professional & Business Services; General Merchandising; and Administrative; Support & Waste Management. New Orleans is also a center for higher learning, with over 50,000 students enrolled in the region's eleven two- and four-year degree-granting institutions, providing hundreds of jobs to higher-learning educators.

THE NEW ORLEANS METROPOLITAN AREA ECONOMY

Table 3: New Orleans MSA Employment - Quarterly Actuals, 2016:2 - 2017:2

Sectors ¹	2016:2	2016:3	2016:4	2017:1	2017:2	2017:1 to 2017:2	2016:2 to 2017:2	2016YTD to 2017YTD
	Number of Jobs					Percent Change ²		
Total Nonfarm Employment	577,667	573,233	579,500	573,600	578,833	0.9	0.2	0.1
Mining and Logging	5,533	5,467	5,300	5,100	5,100	0.0	-7.8	-10.5
Construction	29,367	29,667	30,267	30,267	30,800	1.8	4.9	3.0
Manufacturing	30,133	29,900	30,033	30,467	30,533	0.2	1.3	1.4
Durable Goods	11,500	11,467	11,433	11,500	11,433	-0.6	-0.6	-0.3
Transportation Equipment	2,400	2,500	2,467	2,333	2,300	-1.4	-4.2	-2.8
Nondurable Goods	18,633	18,433	18,600	18,967	19,100	0.7	2.5	2.4
Chemical Manufacturing	5,167	5,133	5,167	5,300	5,367	1.3	3.9	2.6
Wholesale Trade	23,167	23,233	23,567	23,233	22,700	-2.3	-2.0	-1.0
Retail Trade	64,200	63,900	66,067	64,933	63,967	-1.5	-0.4	0.7
Grocery Stores	10,267	10,100	10,333	10,367	10,500	1.3	2.3	1.8
General Merchandise Stores	13,800	13,933	15,133	14,833	14,700	-0.9	6.5	7.8
Transp., Warehousing, and Utilities	28,433	28,467	28,433	27,933	28,267	1.2	-0.6	-1.8
Information	7,400	7,367	6,867	6,833	6,933	1.5	-6.3	-11.9
Financial Activities	29,800	30,100	30,600	30,267	29,733	-1.8	-0.2	1.2
Depository Credit Inter. (Banking)	6,067	6,067	6,000	5,967	5,900	-1.1	-2.7	-2.2
Professional and Business Services	75,933	74,767	75,400	74,933	77,033	2.8	1.4	1.4
Professional, Scientific, Technical	31,867	31,667	31,200	30,833	31,233	1.3	-2.0	-3.2
Management of Companies	8,000	7,867	7,733	7,800	7,800	0.0	-2.5	-2.5
Admin, Support, Waste Mgmt.	36,067	35,233	36,467	36,300	38,000	4.7	5.4	6.5
Educational Services	30,033	29,933	31,300	30,567	31,000	1.4	3.2	3.4
Health Care and Social Assistance	68,467	69,633	70,133	69,933	70,300	0.5	2.7	2.8
Ambulatory Health Care	26,267	26,333	26,600	26,600	26,900	1.1	2.4	2.5
Hospitals (Private)	23,000	24,100	24,633	24,967	25,200	0.9	9.6	9.6
Leisure and Hospitality	88,000	86,733	87,233	85,867	88,900	3.5	1.0	0.1
Arts, Entertainment, and Recreation	11,933	11,867	11,400	11,133	11,867	6.6	-0.6	-3.0
Accommodation	14,967	14,833	14,667	14,467	14,733	1.8	-1.6	-0.9
Food Services and Drinking Places	61,100	60,033	61,167	60,267	62,300	3.4	2.0	0.9
Other Services	23,967	24,033	24,133	24,100	24,400	1.2	1.8	1.6
Government	73,233	70,033	70,167	69,167	69,167	0.0	-5.6	-4.8
Federal Government	12,333	12,433	12,600	12,267	12,400	1.1	0.5	0.7
State Government	12,167	11,367	12,467	11,900	11,300	-5.0	-7.1	-7.0
Local Government	48,733	46,233	45,100	45,000	45,467	1.0	-6.7	-5.7
Unemployment Rate (%) ³	5.6	6.0	5.0	5.1	5.2	0.1	-0.4	-0.4

1 – Some industries are volatile or subject to seasonality, including information and educational services.

2 – Percent changes may not be exact due to rounding.

3 – Percent changes represent percentage points.

Sources: BLS and DBER

In 2016, the New Orleans area welcomed 10.4 million visitors, an increase of 7% over the 9.8 million visitors in 2015. Visitor spending reached \$7.4 billion, an increase of 5% from the previous year. The number of passengers traveling through the port of New Orleans by riverboat and oversea cruises increased 10.0% during the second quarter of 2017 compared to the same period in 2016. Airport traffic and supply have maintained an upward trend over the last five years. Airport capacity, measured by the number of plane seats available, increased 9.6% over the same quarter last year, and 6.9% year to date. The City of New Orleans hotel room supply and average daily room rate increased by 2.7% during 2017 as compared to the 2016 levels.

FINANCIAL PLANNING

To plan for the future and to ensure financial stability, an increase of the Board's water and sewer rates was approved by the New Orleans City Council which implemented increases on January 1, 2013. The Board is an enterprise fund of the City of New Orleans and like most enterprise funds, it is financed by user fees. These user fees cover water and sewer services only. The approved rate plan covered an eight year period and has been increasing 10 percent every year and will continue until 2020. This has allowed the Board to increase its income to fix its ailing infrastructure and bolster its depleted employee ranks. The original 8 year estimate of \$583 million to be generated was expected to have an impact on companies such as restaurants and laundromats where water is central to daily operations.

The Board also receives revenues from three- (3) mill, six- (6) mill and nine- (9) mill ad valorem taxes, which are restricted exclusively for drainage services to finance the Drainage System. These ad valorem taxes are the only income for operating revenues of the drainage system.

General Operations

The changes in net position for the year ended December 31, 2017 was an increase of approximately \$34.8 million, as opposed to approximately \$145.7 million increase for the year ended December 31, 2016. The Board's total operating revenues increased by 7% to approximately \$205.6 million due primarily to rate increases effective January 1, 2017 and total non-operating revenue decreased by -22% to approximately \$47.9 million.

Budgetary Control

The Board maintains an internal budgetary control through the preparation and monitoring of an annual operating and capital budget for the Water, Sewerage, and Drainage funds. Statements of revenues, expenses, and changes in net assets, statements of net assets; and statements of cash flow are prepared for each system. Also, monthly budget reports are provided to department level managers to assist them in their fiscal responsibilities. The 2018 approved budget of \$217.3 million is 15% greater than the 2017 approved fiscal year budget of \$189.1 million. The Board has been issued an A & A- rating from S&P for sewerage and water respectively and an A- for water and sewer from Fitch rating agency. In addition the S&P and Fitch ratings for special tax bonds is AA- and A+ respectively.

Additionally, the Board uses a ten-year financial plan that factors in resources and expenses for its Capital Improvement Plan. The financial plan provides the Board with the ability to compare the impact of future financial activity and issues to determine the most appropriate method of maintaining the Board's financial stability. The Fiscal Year 2018-2017 10 – year Capital Improvement Plan totals \$3.2 billion in projected investments (\$832,002,248 water system, \$497,656,000 sewerage system, \$774,847,347 drainage system, and \$1,058,154,250 combined projects). This includes capital improvements to infrastructure for the completion of projects from Hurricane Katrina repairs, for ongoing rehabilitation, to handle anticipated growth, to maintain compliance with regulatory requirements, technology changes, and to bring the system into the 21st century. As of November 2017 there were 253 active capital projects with total budgets of \$1.2 billion. Below is a list of the major initiatives completed thus far and still in progress:

CAPITAL IMPROVEMENT PROGRAM

For more than 120 years, the Board has provided safe, high quality drinking water, reliable water supply for fire protection, collection and treatment of all wastewater, and drainage services to the citizens of Orleans Parish, Louisiana. On August 5, 2017, a catastrophic rainstorm came through the City of New Orleans, causing street flooding and other damages. The event was declared an emergency by the Mayor's office. During this emergency event the Board experienced a lack of available power due to the unavailability of 3 turbines. After this event, the Board accelerated its maintenance upgrades and repairs to complete work on various power production units and capabilities as well as drainage pumping facilities.

Other ongoing projects under the 10-year capital program include:

WATER SYSTEM MAJOR INITIATIVES

Carrollton Water Purification Plant

- Painting of four (4) million gallon concrete ground storage tanks completed.
- Study of water storage tank mixing completed.
- Construction of new instrument air system for Sycamore Filter Gallery completed.
- Construction of new filter backwash pump for Sycamore Filter Gallery in progress.
- Staff design of valves, actuators, and controls at Sycamore Filter Gallery in progress.
- Design of new sludge line to the Mississippi River in progress.
- Design of new chemical bulk storage and feed facility in progress.
- Design of Resiliency Complex including hardening of Engineering Building, rehabilitation of Head House Facility, and new Infill Building in progress.
- Design for the demolition to basins C7 and C8 in progress.
- Design of improvement to Claiborne Ave Pumping, Panola, and High Lift Stations in progress.
- Conceptual study of new electrical substation on the west side of the facility in progress.
- Roof repairs at Hamilton Substation, Sycamore Substation, and Recirculation Pump Facility completed.
- Design of the repairs to the fender system at New River and Oak St Raw Water Intake Structures in progress.
- Construction of emergency temporary backwash pump for Sycamore Filter Gallery in progress.
- Construction of two 2M gallon water towers and associated piping in progress.

Algiers Water Purification Plant

- Design of water storage tank mixing in progress.
- Design of improvement to the Algiers Water Plant in progress including replacement of Clarifier 1, improvements to Clarifiers 2, 3, and 4; a new fluorousilicic acid storage and feed system; and SCADA improvements.
- Staff design of filter media replacement and repair to valves and actuators in progress.

Water Quality Laboratory

- Completed Cryptosporidium sampling for EPA's Long Term 2 Enhanced Surface Water Treatment Rule – Round 2.

Water Distribution System

- Repairs and improvements to the Michoud Water Tank in progress.
- Construction of secondary chlorination station in Venetian Isles in progress.
- Ongoing coordination with the Department of Public Works to rehabilitate water mains in association with the Joint Infrastructure Recovery Roads Program and other roadway rehabilitation.
- Ongoing management of twenty-two engineering consultants designing water main replacement projects for approximately sixty-two neighborhoods with a total value of \$185M.

Water Pumping and Power

- Refurbishment of Steam Turbine Generator No. 4 in progress.
- Emergency repairs of Steam Turbine Generator No. 3 in progress.
- Emergency repairs of Gas Turbine Generator No. 5 in progress.
- Purchase and Installation of five 2.5MW – 25Hz Electromotive Mechanical Device and associated auxiliary equipment in progress.
- Installation of new 25Hz generator load bank equipment in progress.
- Replacement of various 25Hz power distribution cables in progress.
- Construction of emergency fuel storage improvements in progress.
- Refurbishment and repairs of boilers 1-6 in progress.
- Design of new boiler controls, deaerators, piping, and SCADA in progress.
- Structural improvements to the power plant completed.
- Replacement of 25Hz pumps, motors, electrical components, piping, flow meters, and valves associated with Oak St Raw Water Intake Station in progress.

SEWER SYSTEM MAJOR INITIATIVES

Sewerage Pumping Stations

- Design of structural improvements to SPS A and Station D in progress.

- Construction of new Sewer Pumping Station No. 8 in progress.
- Improvements to sewage pumping stations in Algiers completed.
- Design for the replacement of SPS No. 1 in progress.
- Design of catch-all improvements of various sewage pumping stations in progress.

East Bank Wastewater Treatment Plant

- Construction of Phase 2 Electrical Improvements in progress.
- Construction of Bio-Reactor Train No. 4 Clean-out in progress.
- Construction for the installation of the sludge dryer in progress.
- Construction for the rehabilitation of Clarifier No. 8 in progress.
- Design for a new 1000 HP effluent pump in progress.
- Preliminary design of a new 66" effluent discharge line to the Mississippi River in progress.

West Bank Wastewater Treatment Plant

- Replacement of a Vulcan bar screen in progress.

DRAINAGE SYSTEM MAJOR INITIATIVES

Drainage Pumping Stations

- Construction of permanent emergency generators at five underpass pumping stations in progress.
- Design of permanent emergency generators at three additional underpass stations in progress.
- Rehabilitation of the Broad St Underpass Station in progress.
- Construction of the three new lakefront pumping stations (17th, Orleans, & London) completed and managed by SLFPA-E.

Canals

- Construction of Florida Ave Canal Phases II/III from Peoples Ave is 65% complete.
- Construction of Florida Ave Canal Phase IV is 36% complete.
- Construction of Napoleon Ave Canal Phase III is 100% complete.
- Construction of S. Claiborne Ave Canal Phase I is 100% complete.
- Construction of S. Claiborne Ave Canal Phase II is 100% complete.
- Construction of Jefferson Ave Canal Phase I is 90% complete.
- Construction of Louisiana Ave Canal is 90% complete.
- Design of General DeGaulle Canal Improvements from Shirley Dr to Holiday Dr is in progress.

OTHER FINANCIAL INFORMATION

On August 5, 2017, the City of New Orleans experienced a 100-year storm that resulted in extreme flooding and loss of power to major Board facilities. While this storm was extreme, it highlighted the need for additional reinvestment in some of the existing drainage infrastructure. In response to this emergency situation, there was a high turnover in executive level leadership with multiple interim Executive Directors over a 12 month period. However, a permanent Executive Director and a new Chief Financial Officer are firmly in place and a substantial amount of effort and resources were spent on repairing and replacing pumps and EMDs and creating power redundancies to ensure that the full pumping power is available for any future weather events. This one time emergency investment was initiated in the fall of 2017 and completed in the Spring of 2018.

In November 2016, the Board went live with a new \$11 million billing system to replace its outdated Customer Account Management (CAM) billing system. CAM was a cobalt based system which was unable to interface with modern system functions such as online bill services that would allow customers to pay their bills online and routinely check account activity. In addition, technical support for the system was no longer available and technology staff capable of using this outdated program language was about to retire.

Since implementation, the Board has encountered various technical and process issues with the issuance of customer bills that has caused customers to question the accuracy of their bills. However, the Board has been working diligently to address concerns and build customer confidence in the billing process. In the meantime, the interim leadership at the time implemented a temporary collections moratorium which has resulted in an unusually high customer billing delinquency. That moratorium was ended in mid-2018 and regular collections processes were resumed, with payment plans extended to some customers to allow them to catch up on their delinquencies.

AWARDS AND ACKNOWLEDGMENTS

The preparation of this report could have not been accomplished without the efficient and dedicated services of the entire staff of the Sewerage and Water Board of New Orleans. Because of the dedication of these employees, the Sewerage and Water Board of New Orleans has received the GFOA Certificate of Achievement for 34 (thirty-four) years.

We wish to thank the Louisiana State Legislative Auditor for this support and dedication during the preparation of this report as well as our external auditors for their invaluable assistance.

Finally a special acknowledgement is extended to all members of the Board of Directors for their unfailing support for maintaining the highest standards of professionalism in the management of the Board's finances and their leadership in enabling the Board to fulfill its mission as it rebuilds from the emergency rain event experienced in 2017.

The Comprehensive Annual Financial Report of the Sewerage and Water Board of New Orleans for the fiscal year ended December 31, 2017 is submitted herewith.

Respectfully submitted,

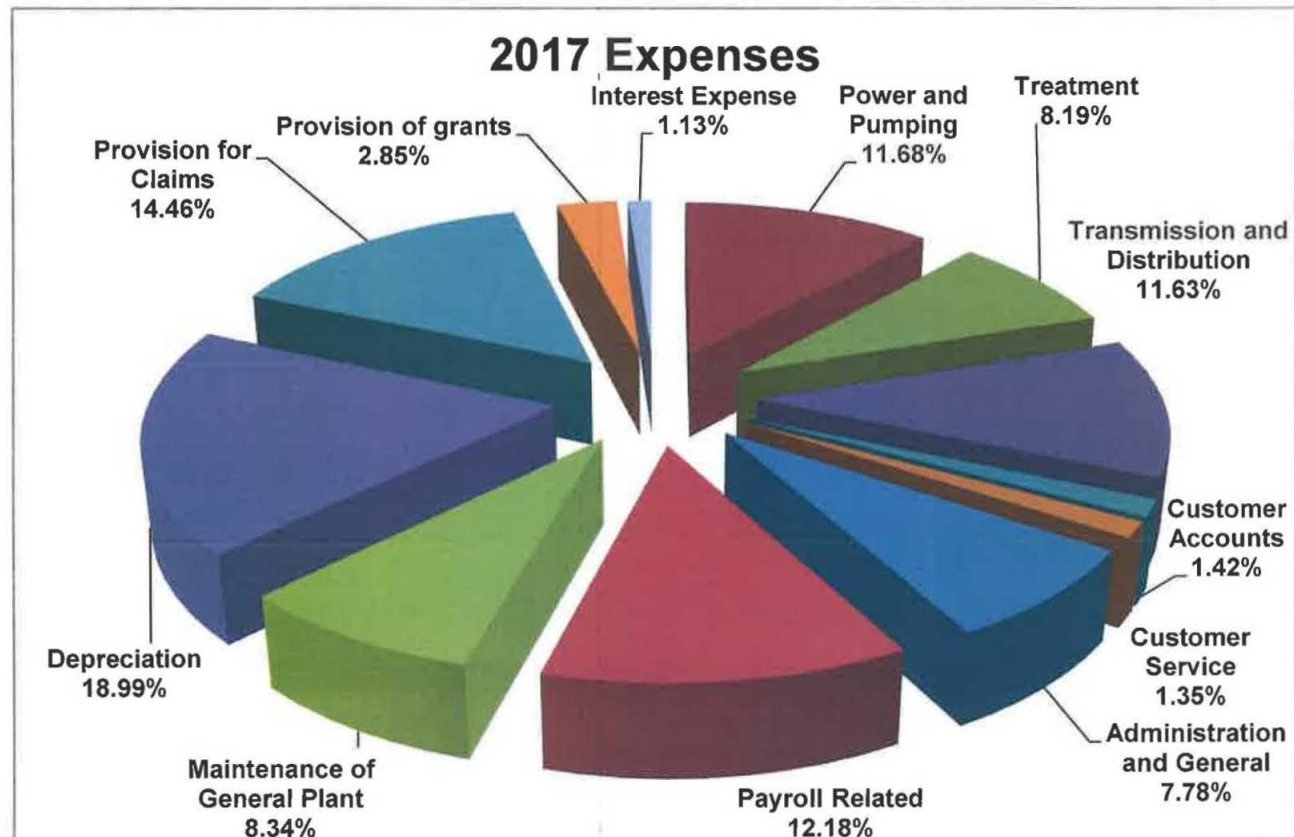
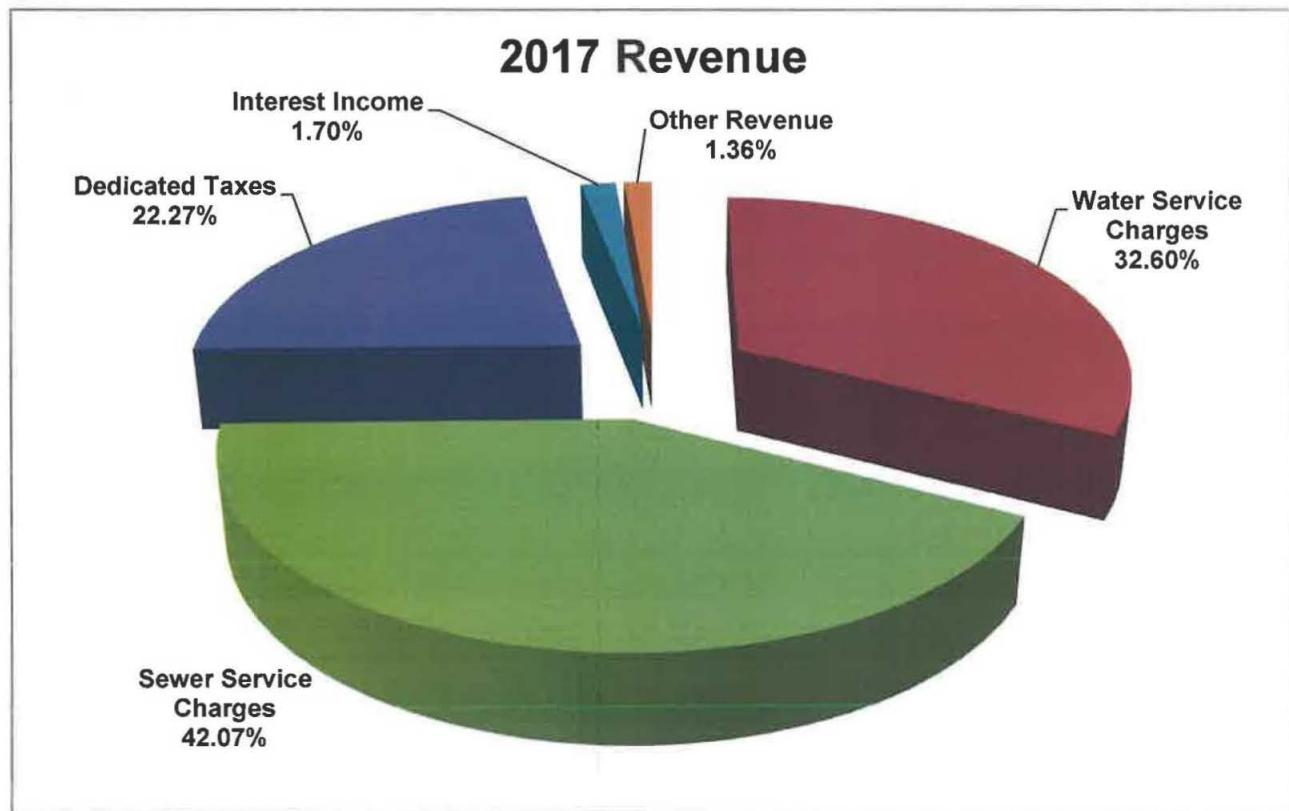


Yvette Downs, Chief Financial Officer



Ghassan Korban, Executive Director

Sewerage and Water Board of New Orleans





Government Finance Officers Association

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Achievement
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in Financial
Reporting**

Presented to

**Sewerage and Water Board
of New Orleans, Louisiana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

**BOARD MEMBERS OF DIRECTORS
SEWERAGE AND WATER BOARD OF NEW ORLEANS**

December 31, 2017

MITCHELL J. LANDRIEU.....	Mayor
SCOTT JACOBS.....	President Pro-Tem
ALAN ARNOLD.....	Board of Liquidation Appointment
RALPH JOHNSON.....	Board of Liquidation Appointment
ROBIN BARNES.....	At-Large Appointment
ERIC BLUE.....	Council District A Appointment
SCOTT JACOBS.....	Council District B Appointment
KERRI KANE.....	Council District C Appointment
MARION BRACY.....	Council District D Appointment
Dr. TAMIKA DUPLESSIS.....	Council District E Appointment
JOSEPH PEYCHAUD.....	Consumer/Community Advocate
KIMBERLY THOMAS, JD.....	Consumer/Community Advocate

**COMMITTEES OF THE
SEWERAGE AND WATER BOARD OF NEW ORLEANS**

December 31, 2017

BOARD OF DIRECTOR'S MEETING

MAYOR MITCHELL LANDRIEU, President

SCOTT JACOBS - President Pro-Tem

STACY HORN KOCH
MARION BRACY
RALPH JOHNSON

ROBIN BARNES
DR. TAMIKA DUPLESSIS
JOSEPH PEYCHARD

LEWIS STIRLING III
EILEEN GLEASON
ANDREW AMACKER

BOARD OF TRUSTEES MEETING

MAYOR MITCHELL LANDRIEU, President

SCOTT JACOBS - President Pro-Tem

STACY HORN KOCH
MARION BRACY
RALPH JOHNSON
CHANTE' POWELL-PIERRE
JOHN WILSON III

CHRISTOPHER BERGERON
DR. TAMIKA DUPLESSIS
LEWIS STIRLING III
MARVIN RUSSELL, JR.

ROBIN BARNES
EILEEN GLEASON
JOSEPH PEYCHARD
ANDREW AMACKER

AUDIT COMMITTEE MEETING

MARION BRACY - Chairperson

DR. TAMIKA DUPLESSIS

ROBIN BARNES

LEWIS STIRLING, III

FINANCE AND ADMINISTRATION COMMITTEE MEETING

JOSEPH PEYCHAUD - Chairperson

STACY HORN KOCH
RALPH JOHNSON

DR. TAMIKA DUPLESSIS

EILEEN GLEASON

GOVERNANCE COMMITTEE MEETING

RALPH JOHNSON - Chairperson

ANDREW AMACKER

ROBIN BARNES

MARION BRACY

PENSION COMMITTEE MEETING

JOSEPH PEYCHAUD - Chairperson

EILEEN GLEASON

LEWIS STIRLING, III
CHANTE POWELL-PIERRE
JOHN WILSON III

RALPH JOHNSON
MARVIN RUSSELL, JR.
CHRISTOPHER BERGERON

PLUMBING CONFERENCE COMMITTEE MEETING

MARION BRACY

JIM FINLEY

JAY ARNOLD

RONNIE CROSBY

STRATEGY COMMITTEE MEETING

MARION BRACY - Chairperson

ROBIN BARNES - Vice Chairperson
DR. TAMIKA DUPLESSIS

MICHAEL CONEFRY & COMPANY, ACTUARY

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
EXECUTIVE STAFF**

December 31, 2017

INTERIM EXECUTIVE DIRECTOR
PAUL RAINWATER

DEPUTY DIRECTOR/SECURITY
RONALD DOUCETTE

DEPUTY DIRECTOR/CONTINUOUS IMPROVEMENT
VACANT

DEPUTY DIRECTOR/ADMINISTRATION
SHARON JUDKINS

DEPUTY DIRECTOR/COMMUNICATIONS
VACANT

DEPUTY DIRECTOR/CHIEF FINANCIAL OFFICER
MARINA KAHN

DEPUTY DIRECTOR/LOGISTICS
VALERIE RIVERS

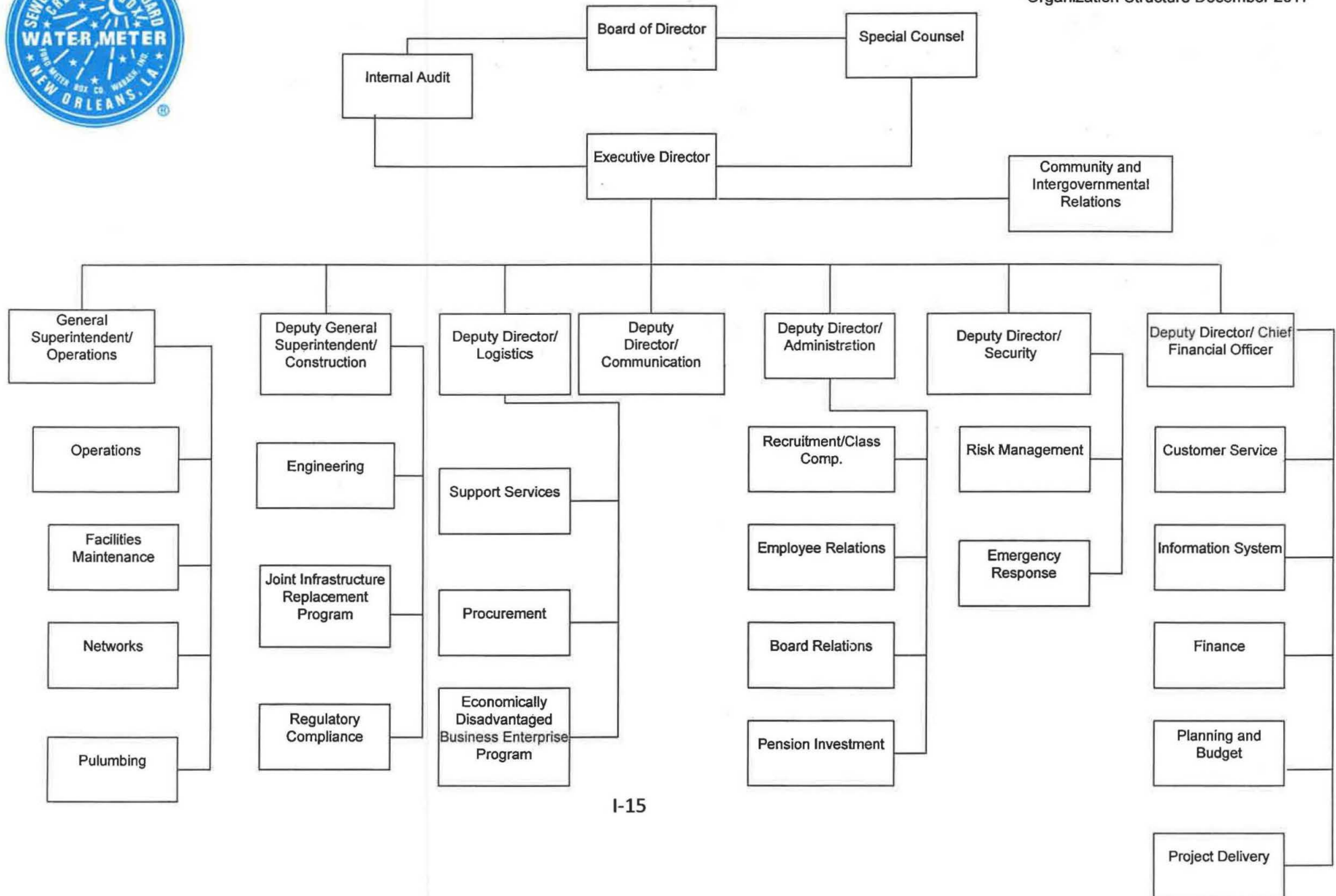
INTERIM GENERAL SUPERINTENDENT/CONSTRUCTION/OPERATION
BRUCE ADAMS

SPECIAL COUNSEL
JADE BROWN-RUSSELL



SEWERAGE AND WATER BOARD OF NEW ORLEANS

Organization Structure December 2017





Network crews work around the clock daily to deliver quality of life services of water, sewer and drainage to the residents of the city. A late night emergency water main break is shown being repaired.



Sewerage and Water Board's (S&WB) main office on St. Joseph Street has a new roof. It is a green or vegetated roof that will catch and hold rainwater to help reduce flooding and improve storm water quality. The roof will also provide additional insulation for the building and lower temperatures in the surrounding area. This project is part of the Green Infrastructure Program.

S&WB developed and implemented the Green Infrastructure Plan as a formal commitment to address a consent decree from the Environmental Protection Agency and the Department of Justice. This includes green infrastructure demonstration projects, education, outreach, tours and science programming. The S&WB works closely with various departments, City agencies and many community stakeholders to implement the new program.

INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors
Sewerage and Water Board of New Orleans

Report on the Financial Statements

We have audited the accompanying financial statements of the Sewerage and Water Board of New Orleans (the Board) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary fund of the Board, as of December 31, 2017 and 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 16 to the financial statements, the Board's Drainage System has incurred significant increases in expenditures which has negatively impacted the liquidity of the Drainage System. Management's evaluation of the events and conditions and management's plans to mitigate those matters are also described in Note 16. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages II-4 through II-20 and the schedules presented on pages II-72 through II-74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The Introductory section, Schedules 1 through 7, the Statistical Information section, and Supplementary Information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules 1 through 7 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules 1 through 7 are fairly stated, in all material respects, in relation to the financial statements as a whole.

The Introductory, Statistical, and Supplemental sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Postlethwaite & Netterville

New Orleans, Louisiana
November 30, 2018

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2017 AND 2016

This section of Sewerage & Water Board of New Orleans' (the Board) annual financial report presents a discussion and analysis of the Board's financial performance during the fiscal years that ended December 31, 2017 and 2016. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal. The Board's financial statements follow this section.

FINANCIAL HIGHLIGHTS

The Board adopted a financial plan for 2011 through 2020 that resulted in improved debt service coverage, increased liquidity, increased funding for operations and maintenance, and full funding for the capital improvement programs. This financial plan was updated in late 2016 to cover 2017 through 2020.

Recovery from Hurricane Katrina and the resulting flooding continued to be a significant event during 2017. Repairs and replacements to the water, sewerage, and drainage systems, and rehabilitation and replacement of buildings will continue through 2025.

On August 5, 2017, New Orleans experienced a significant storm event resulting in localized flooding. In response, an investment was made in the emergency repair and upgrade to various aspects of the drainage system that continued into the early part of 2018. Substantial resources were utilized to ensure the resiliency and reliability of the drainage operations going forward.

Enterprise Fund

The major highlights in the Board's enterprise fund were as follows:

2017

- The Board's additions to its major systems approximated \$333.9 million.
- The Southeast Louisiana (SELA) drainage system project, a major upgrade by the Corps of Engineers, resulted in additions of approximately \$98.9 million to work in progress during the year.
- Federal Emergency Management Agency (FEMA) Disaster Public Assistance grants revenues totaled approximately \$29.4 million in Disaster Assistance grants and \$19.5 million in Hazard Mitigation grants for capital contributions.
- Revenues from Water and Sewer services increased by approximately \$13.5 million to a total of approximately \$202.1 million for the year ended December 31, 2017.

2016

- The Board's additions to its major systems approximated \$270.3 million.
- The Southeast Louisiana (SELA) drainage system project, a major upgrade by the Corps of Engineers, resulted in additions of approximately \$122.3 million to work in progress during the year.
- Federal Emergency Management Agency (FEMA) Disaster Public Assistance grants revenues totaled approximately \$21.9 million in Disaster Assistance grants and \$18.6 million in Hazard Mitigation grants for capital contributions.

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2017 AND 2016

- Revenues from Water and Sewer services increased by approximately \$14.3 million to a total of approximately \$188.6 million for the year ended December 31, 2016.

Pension Trust Fund

The major highlights in the Board's fiduciary fund were as follows:

2017

The net appreciation of the fair value of investments was \$22.5 million in 2017 compared to a net appreciation of \$11.8 million in 2016. The net position restricted for pension benefits increased by \$10.9 million during 2017 to \$235.3 million at December 31, 2017.

2016

The net appreciation of the fair value of investments was \$11.8 million in 2016 compared to a net depreciation of \$5.0 million in 2015. The net position restricted for pension benefits increased by \$1.9 million during 2016 to \$224.4 million at December 31, 2016.

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SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2017 AND 2016

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of five parts: management's discussion and analysis (this section), the financial statements, the notes to the financial statements, required supplementary information, and other supplementary information.

Government-wide Financial Statements – Enterprise Fund

The Board's principal activities of providing water, sewerage, and drainage services are accounted for in a single proprietary fund – the enterprise fund. Enterprise funds are used to report business activities. Since the enterprise fund is the Board's single activity, its financial statements are presented as the Board's government-wide financial statements.

The financial statements provide both long-term and short-term information about the Board's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

The Board's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of property, plant, and equipment is recognized in the Statements of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the Board are included in the Statements of Net Position.

The Statement of Net Position presents financial information on all of the Board's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

Fund Financial Statements – Pension Trust Fund

The Board's fund financial statements consist of its pension trust fund. As a fiduciary fund, the pension trust fund is held for the benefit of employees and retirees of the Board. The pension trust fund is not reflected in the government-wide financials because the resources are not available to the Board for its activities. The accounting for the pension trust fund is much like that used by the enterprise fund.

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2017 AND 2016

FINANCIAL ANALYSIS OF THE BOARD

ENTERPRISE FUND

2017 Net Position

The Board's total assets and deferred outflows at December 31, 2017 were approximately \$3.4 billion, a 4.4% increase from December 31, 2016 (see Table A-1).

Table A-1				
Sewerage & Water Board of New Orleans				
Net Position				
	2017	2016	Increase (Decrease)	Increase (Decrease)
Current unrestricted assets	\$ 194,955,962	\$ 219,980,110	\$ (25,024,148)	-11.4%
Restricted assets	116,611,194	219,761,583	(103,150,389)	-46.9%
Property, plant, and equipment - net	3,019,092,797	2,744,691,660	274,401,137	10.0%
Other assets	12,291,080	11,824,788	466,292	3.9%
Total assets	3,342,951,033	3,196,258,141	146,692,892	4.6%
Deferred outflows of resources	16,734,173	20,506,855	(3,772,682)	-18.4%
Total deferred outflows of resources	16,734,173	20,506,855	(3,772,682)	-18.4%
Total assets and deferred outflows	\$ 3,359,685,206	\$ 3,216,764,996	\$ 142,920,210	4.4%
Current liabilities	\$ 148,037,878	\$ 97,567,295	\$ 50,470,583	51.7%
Long-term liabilities	946,514,795	888,379,320	58,135,475	6.5%
Total liabilities	1,094,552,673	985,946,615	108,606,058	11.0%
Deferred inflows of resources	1,867,968	2,396,433	(528,465)	-22.1%
Total deferred inflows of resources	1,867,968	2,396,433	(528,465)	-22.1%
Net position:				
Net investment in capital assets	2,405,347,069	2,251,197,095	154,149,974	6.8%
Restricted	46,606,340	47,217,981	(611,641)	-1.3%
Unrestricted	(188,688,844)	(69,993,128)	(118,695,716)	169.6%
Total net position	2,263,264,565	2,228,421,948	34,842,617	1.6%
Total liabilities, deferred inflows, and net position	\$ 3,359,685,206	\$ 3,216,764,996	\$ 142,920,210	4.4%

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2017 AND 2016

The net increase in total assets of \$146.7 million resulted primarily due to an increase in property, plant, and equipment of \$274.4 million. There was a decrease in restricted assets of about \$103.2 million as funds were used for construction projects. Current unrestricted assets decreased by \$25.0 million in 2017 mainly due to a decrease in unrestricted cash and cash equivalents of \$31.3 million, offset by an increase in outstanding customers receivable balance, net of related allowance, of \$4.9 million. Current liabilities increase by \$50.5 million primarily due to an increase in Accounts Payable of \$44.7 million as a result of increased capital expenditures during 2017 and timing of payments. Long-term liabilities increased by \$58.1 million primarily due to an increase in claims payable of \$41.6 million related to a class-action suit and an increase in the Southeast Louisiana Project liability of \$37.9 million. Deferred outflows of resources and deferred inflows of resources decreased by \$3.8 million and \$528,000, respectively, due to changes in actuary's assumption on investment returns and demographic factors related to the pension plan.

2016 Net Position

The Board's total assets and deferred outflows at December 31, 2016 were approximately \$3.2 billion, a 6.1% increase from December 31, 2015 (see Table A-2).

Table A-2				
Sewerage & Water Board of New Orleans				
Net Position				
	2016	2015	Increase (Decrease)	Increase (Decrease)
Current unrestricted assets	\$ 219,980,110	\$ 187,055,968	\$ 32,924,142	17.6%
Restricted assets	219,761,583	283,787,405	(64,025,822)	-22.6%
Property, plant, and equipment - net	2,744,691,660	2,526,881,205	217,810,455	8.6%
Other assets	11,824,788	11,230,019	594,769	5.3%
Total assets	3,196,258,141	3,008,954,597	187,303,544	6.2%
Deferred outflows of resources	20,506,855	23,034,899	(2,528,044)	-11.0%
Total deferred outflows of resources	20,506,855	23,034,899	(2,528,044)	-11.0%
Total assets and deferred outflows	\$ 3,216,764,996	\$ 3,031,989,496	\$ 184,775,500	6.1%
Current liabilities	\$ 97,567,295	\$ 104,638,933	\$ (7,071,638)	-6.8%
Long-term liabilities	888,379,320	841,737,350	46,641,970	5.5%
Total liabilities	985,946,615	946,376,283	39,570,332	4.2%
Deferred inflows of resources	2,396,433	2,924,898	(528,465)	-18.1%
Total deferred inflows of resources	2,396,433	2,924,898	(528,465)	-18.1%
Net position:				
Net investment in capital assets	2,251,197,095	2,129,339,229	121,857,866	5.7%
Restricted	47,217,981	46,199,659	1,018,322	2.2%
Unrestricted	(69,993,128)	(92,850,573)	22,857,445	-24.6%
Total net position	2,228,421,948	2,082,688,315	145,733,633	7.0%
Total liabilities, deferred inflows, and net position	\$ 3,216,764,996	\$ 3,031,989,496	\$ 184,775,500	6.1%

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2017 AND 2016

The net increase in total assets of \$184.8 million resulted primarily due to an increase in property, plant, and equipment of \$217.8 million and an increase in current unrestricted assets of \$32.9 million. The increase in current unrestricted assets is due primarily to the increase in cash and cash equivalents of \$18.9 million as a result of an increase in revenue and cash receipts from customer accounts. Restricted assets decreased by \$64.0 million in 2016 mainly due to a decrease in restricted investments of approximately \$65.5 million used for capital expenditures. Long-term liabilities increased by \$46.6 million primarily due to an increase in the Southeast Louisiana Project liability of \$48.2 million. Deferred outflows of resources and deferred inflows of resources decreased by \$2.5 million and \$528,000, respectively, due to changes in actuary's assumption on investment returns and demographic factors related to the pension plan.

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SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2017 AND 2016

2017 Changes in Net Position

The change in net position for the year ended December 31, 2017 was an increase of approximately \$34.8 million, as opposed to approximately \$145.7 million for the year ended December 31, 2016. The Board's total operating revenues increased by 6.7% to approximately \$205.6 million due primarily to rate increases effective January 1, 2017. Total non-operating revenue decreased by 21.9% to approximately \$47.8 million due to a \$8.9 million provision for grants recorded in the current year. Capital contributions from federal grants and construction of Board property was approximately \$96.3 million resulting primarily from capital additions reimbursable under the FEMA Disaster Public Assistance and FEMA Hazard Mitigation grants of approximately \$29.4 million and \$19.5 million, respectively, and approximately \$61.0 million of capital contributions by the Army Corps of Engineers. The changes in net position are detailed in Table A-3; operating expenses are detailed in Table A-4.

Table A-3				
Sewerage & Water Board of New Orleans				
Revenues , Expenses and Change in Net Position				
	2017	2016	Increase (Decrease)	Increase (Decrease)
Operating revenues:				
Sales of water and delinquent fees	\$ 90,464,810	\$ 83,158,940	\$ 7,305,870	8.8%
Sewerage service charges	111,063,719	104,795,184	6,268,535	6.0%
Plumbing inspection and license fees	588,330	638,502	(50,172)	-7.9%
Other revenue	3,451,274	4,078,380	(627,106)	-15.4%
Total operating revenues	205,568,133	192,671,006	12,897,127	6.7%
Operating expenses (Table A-4)	314,911,503	227,798,026	87,113,477	38.2%
Operating loss	(109,343,370)	(35,127,020)	(74,216,350)	-211.3%
Non-operating revenues:				
Property taxes	55,422,813	56,029,548	(606,735)	-1.1%
Other taxes	593,424	564,050	29,374	5.2%
Operating and maintenance grants	845	24,738	(23,893)	-96.6%
Investment income	739,779	4,634,999	(3,895,220)	-84.0%
Provison for grants	(8,906,949)	-	(8,906,949)	100.0%
Total non-operating revenues	47,849,912	61,253,335	(13,403,423)	-21.9%
Income before capital contributions	(61,493,458)	26,126,315	(87,619,773)	-335.4%
Capital contributions	96,336,075	119,607,318	(23,271,243)	-19.5%
Change in net position	34,842,617	145,733,633	(110,891,016)	-76.1%
Net position, beginning of year	2,228,421,948	2,082,688,315	145,733,633	7.0%
Net position, end of year	\$ 2,263,264,565	\$ 2,228,421,948	\$ 34,842,617	1.6%

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2017 AND 2016

Table A-4				
Sewerage & Water Board Operating Expenses				
	2017	2016	Increase (Decrease)	Increase (Decrease)
Power and pumping	\$ 36,552,523	\$ 13,499,216	\$ 23,053,307	170.8%
Treatment	25,651,907	20,300,344	5,351,563	26.4%
Transmission and distribution	36,409,559	37,174,706	(765,147)	-2.1%
Customer accounts	4,460,155	4,151,027	309,128	7.4%
Customer service	4,217,543	4,271,555	(54,012)	-1.3%
Administration and general	24,343,704	18,506,107	5,837,597	31.5%
Payroll related	38,126,322	43,990,879	(5,864,557)	-13.3%
Maintenance of general plant	26,100,182	23,979,309	2,120,873	8.8%
Depreciation	59,450,076	52,060,674	7,389,402	14.2%
Provision for doubtful accounts	14,326,711	3,413,404	10,913,307	319.7%
Provision for claims	45,272,821	6,450,805	38,822,016	601.8%
Total operating expenses	\$ 314,911,503	\$ 227,798,026	\$ 87,113,477	38.2%

Total operating expenses increased by approximately \$87.1 million or 38.2% compared to 2016. Increase of \$10.9 million in provision for doubtful accounts was mainly due to customer billing issues in 2017, and increase in claims was mainly attributed to a \$38.8 million increase in general liabilities claims in 2017. In addition, power and pumping increased by \$23.1 million due to the August 2017 flood causing an increase in expenditures.

2016 Changes in Net Position

The change in net position for the year ended December 31, 2016 was an increase of approximately \$145.7 million, as opposed to approximately \$153.4 million for the year ended December 31, 2015. The Board's total operating revenues, excluding other revenue, increased by 8.2% to approximately \$188.6 million due primarily to rate increases effective January 1, 2016, and other revenue decreased by \$4.2 million due to a decrease in legal settlement in 2016. Total non-operating revenue increased by 19.2% to approximately \$61.3 million due to a combination of increases in property taxes. Capital contributions from federal grants and construction of Board property was approximately \$119.6 million resulting primarily from capital additions reimbursable under the FEMA Disaster Public Assistance and FEMA Hazard Mitigation grants of approximately \$21.9 million and \$18.6 million, respectively, and approximately \$79.5 million of capital contributions by the Army Corps of Engineers. The changes in net position are detailed in Table A-5; operating expenses are detailed in Table A-6.

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2017 AND 2016

Table A-5				
Sewerage & Water Board of New Orleans				
Revenues , Expenses and Change in Net Position				
	2016	2015	Increase (Decrease)	Increase (Decrease)
Operating revenues:				
Sales of water and delinquent fees	\$ 83,158,940	\$ 78,007,937	\$ 5,151,003	6.6%
Sewerage service charges	104,795,184	95,636,966	9,158,218	9.6%
Plumbing inspection and license fees	638,502	610,768	27,734	4.5%
Other revenue	4,078,380	8,290,157	(4,211,777)	-50.8%
Total operating revenues	192,671,006	182,545,828	10,125,178	5.5%
Operating expenses (Table A-6)	227,798,026	212,448,361	15,349,665	7.2%
Operating loss	(35,127,020)	(29,902,533)	(5,224,487)	-17.5%
Non-operating revenues:				
Property taxes	56,029,548	49,855,922	6,173,626	12.4%
Other taxes	564,050	581,395	(17,345)	-3.0%
Operating and maintenance grants	24,738	2,405	22,333	928.6%
Bond issuance costs	-	(1,510,657)	1,510,657	-100.0%
Investment income	4,634,999	2,457,528	2,177,471	88.6%
Total non-operating revenues	61,253,335	51,386,593	9,866,742	19.2%
Income before capital contributions	26,126,315	21,484,060	4,642,255	21.6%
Capital contributions	119,607,318	131,899,206	(12,291,888)	-9.3%
Change in net position	145,733,633	153,383,266	(7,649,633)	-5.0%
Net position, beginning of year	2,082,688,315	1,929,305,049	153,383,266	8.0%
Net position, end of year	\$ 2,228,421,948	\$ 2,082,688,315	\$ 145,733,633	7.0%

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2017 AND 2016

Table A-6				
Sewerage & Water Board Operating Expenses				
	2016	2015	Increase (Decrease)	Increase (Decrease)
Power and pumping	\$ 13,499,216	\$ 13,139,255	\$ 359,961	2.7%
Treatment	20,300,344	18,740,637	1,559,707	8.3%
Transmission and distribution	37,174,706	35,878,137	1,296,569	3.6%
Customer accounts	4,151,027	3,807,405	343,622	9.0%
Customer service	4,271,555	3,973,344	298,211	7.5%
Administration and general	18,506,107	16,848,253	1,657,854	9.8%
Payroll related	43,990,879	36,349,834	7,641,045	21.0%
Maintenance of general plant	23,979,309	27,148,505	(3,169,196)	-11.7%
Depreciation	52,060,674	51,661,651	399,023	0.8%
Provision for doubtful accounts	3,413,404	2,466,131	947,273	38.4%
Provision for claims	6,450,805	2,435,209	4,015,596	164.9%
Total operating expenses	\$ 227,798,026	\$ 212,448,361	\$ 15,349,665	7.2%

Total operating expenses increased by approximately \$15.3 million or 7.2% compared to 2015. Increase in provision for claims was mainly attributable to a \$4.2 million increase in general liabilities claims from 2016. In addition, payroll related costs increased by approximately \$7.6 million as a result of a \$5.4 million non-cash expense related to pension benefits and \$2.2 million increase in personnel costs. Maintenance of general plant decreased \$3.2 million as a result of a \$1.5 million decrease in expenditures on the central yard administrative building and a \$1.5 million decrease in expenditures on overall maintenance.

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2017 AND 2016

PENSION TRUST FUND

2017 Plan Net Position

The Board's total plan assets and net position of its pension trust fund at December 31, 2017 was approximately \$235.3 million, a 4.8% increase from December 31, 2016 (see table A-7).

Plan net position increased by approximately \$10.9 million in 2017 primarily due to appreciation in fair value of investment by approximately \$22.5 million and contributions of \$11.8 million offset by benefit payment and other deductions totaling \$24.2 million in 2017.

Table A-7				
Sewerage & Water Board of New Orleans Pension Trust Fund Net Position				
	2017	2016	Increase (Decrease)	Increase (Decrease)
Cash	\$ 230,946	\$ 40,495	\$ 190,451	470.3%
Investments	234,711,857	224,250,456	10,461,401	4.7%
Receivables	101,269	111,733	(10,464)	-9.4%
Due from other fund	240,245	-	240,245	N/A
Total assets	235,284,317	224,402,684	10,881,633	4.8%
Other liabilities	\$ -	\$ 46,423	\$ (46,423)	0.0%
Total liabilities	-	46,423	(46,423)	0.0%
Plan net position	\$ 235,284,317	\$ 224,356,261	\$ 10,928,056	4.8%

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2017 AND 2016

2016 Plan Net Position

The Board's total plan assets and net position of its pension trust fund at December 31, 2016 was approximately \$224.4 million, a 0.9% increase from December 31, 2015 (see table A-8).

Plan net position increased by approximately \$1.9 million in 2016 primarily due to appreciation in fair market value of investments by approximately \$11.8 million and contributions of \$10.1 million offset by benefit payments and other deductions totaling \$20.7 million in 2016.

Table A-8				
Sewerage & Water Board of New Orleans Pension Trust Fund Net Position				
	2016	2015	Increase (Decrease)	Increase (Decrease)
Cash	\$ 40,495	\$ 317,096	\$ (276,601)	-87.2%
Investments	224,250,456	221,077,262	3,173,194	1.4%
Receivables	111,733	105,336	6,397	6.1%
Other assets	-	927,833	(927,833)	-100.0%
Total assets	224,402,684	222,427,527	1,975,157	0.9%
Other liabilities	\$ 46,423	\$ -	\$ 46,423	0.0%
Total liabilities	46,423	-	46,423	0.0%
Plan net position	\$ 224,356,261	\$ 222,427,527	\$ 1,928,734	0.9%

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2017 AND 2016

2017 Changes in Plan Net Position

Change in net position increased by \$9.0 million mainly attributable to a \$10.8 million net investment income change. The increase in net investment income is due to overall market conditions resulting appreciation in fair value of the investments and earnings from investments.

Table A-9				
Sewerage & Water Board of New Orleans				
Change in Plan Net Position				
	2017	2016	Increase (Decrease)	Increase (Decrease)
Additions:				
Contributions	\$ 11,795,214	\$ 10,101,344	\$ 1,693,870	16.8%
Net income on investments	23,326,273	12,569,604	10,756,669	85.6%
Total additions	35,121,487	22,670,948	12,450,539	54.9%
Deductions:				
Benefits	(16,974,995)	(15,757,292)	(1,217,703)	7.7%
Employee refunds	(438,134)	(421,087)	(17,047)	4.0%
Employee DROP contributions	(6,780,302)	(4,563,835)	(2,216,467)	48.6%
Total deductions	(24,193,431)	(20,742,214)	(3,451,217)	16.6%
Change in net position	10,928,056	1,928,734	8,999,322	466.6%
Plan net position, beginning of year	224,356,261	222,427,527	1,928,734	0.9%
Plan net position, end of year	\$ 235,284,317	\$ 224,356,261	\$ 10,928,056	4.9%

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2017 AND 2016

2016 Changes in Plan Net Position

Change in net position increased by \$16.1 million mainly attributable to \$12.6 million of net investment income compared to a net investment loss of \$4.1 million in 2015. The increase in net investment income is due to overall market conditions and earnings from investments.

Table A-10				
Sewerage & Water Board of New Orleans				
Change in Plan Net Position				
	2016	2015	Increase (Decrease)	Increase (Decrease)
Additions:				
Contributions	\$ 10,101,344	\$ 10,259,600	\$ (158,256)	-1.5%
Net income (loss) on investments	12,569,604	(4,144,141)	16,713,745	-403.3%
Total additions	22,670,948	6,115,459	16,555,489	270.7%
Deductions:				
Benefits	(15,757,292)	(15,281,673)	(475,619)	3.1%
Employee refunds	(421,087)	(351,266)	(69,821)	19.9%
Employee DROP contributions	(4,563,835)	(4,611,664)	47,829	-1.0%
Total deductions	(20,742,214)	(20,244,603)	(497,611)	2.5%
Change in net position	1,928,734	(14,129,144)	16,057,878	-113.7%
Plan net position, beginning of year	222,427,527	236,556,671	(14,129,144)	-6.0%
Plan net position, end of year	\$ 224,356,261	\$ 222,427,527	\$ 1,928,734	0.9%

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2017 AND 2016

CAPITAL ASSET AND DEBT ADMINISTRATION

2017 Capital Assets

As of December 31, 2017, the Board had invested approximately \$4.00 billion in capital assets. Net of accumulated depreciation, the Board's net capital assets at December 31, 2017 totaled approximately \$3.02 billion. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$274.4 million, or 10.0%, over December 31, 2016.

At December 31, 2017, the Board's budget for its 10-year capital improvements program totaled approximately \$3.16 billion including approximately \$774.8 million for water, \$497.7 million for sewerage, \$832.0 million for drainage, and approximately \$1.10 billion for a combination of water, sewerage, and drainage. Due to certain regulatory and legislative changes, additional capital improvements will probably be required. Future capital improvement program expenditures may require the issuance of additional debt depending on the amount and timing of expenditures. As of December 31, 2017, the Board has committed or appropriated \$47.7 million in investments for use in future capital projects and has approximately \$67.8 million remaining in restricted cash, cash equivalents, and investments for construction.

The capital improvements budget for 2018 is \$346.5 million, including \$109.9 million for projects which are expected to be funded by federal grants and programs. Significant projects included in property, plant and equipment in progress as of December 31, 2017 include the following:

Hurricane Katrina-related Repairs and Replacements
Southeast Louisiana Flood Control Program
Sewer System Sanitation Evaluation and Rehabilitation Program
Eastbank Sewer Treatment Plant
Westbank Sewer Treatment Plant
Wetlands Assimilation Project
Hazard Mitigation Grant Program

See Note 4 for detailed capital asset activity during 2017.

2016 Capital Assets

As of December 31, 2016, the Board had invested approximately \$3.67 billion in capital assets. Net of accumulated depreciation, the Board's net capital assets at December 31, 2016 totaled approximately \$2.74 billion. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$214.6 million, or 8.5%, over December 31, 2015.

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2017 AND 2016

At December 31, 2016, the Board's budget for its 10-year capital improvements program totaled approximately \$2.68 billion including approximately \$1.00 billion for water, \$684.3 million for sewerage and \$935.7 million for drainage. Due to certain regulatory and legislative changes, additional capital improvements will probably be required. Future capital improvement program expenditures may require the issuance of additional debt depending on the amount and timing of expenditures. As of December 31, 2016, the Board has committed or appropriated \$65.6 million in investments for use in future capital projects and has approximately \$170.4 million remaining in restricted cash, cash equivalents, and investments for construction.

The capital improvements budget for 2017 is \$369.2 million, including \$111.3 million for projects which are expected to be funded by federal grants and programs. Significant projects included in property, plant and equipment in progress as of December 31, 2016 include the following:

Hurricane Katrina-related Repairs and Replacements
Southeast Louisiana Flood Control Program
Sewer System Sanitation Evaluation and Rehabilitation Program
Eastbank Sewer Treatment Plant
Westbank Sewer Treatment Plant
Wetlands Assimilation Project
Hazard Mitigation Grant Program

See Note 4 for detailed capital asset activity during 2016.

2017 Debt Administration

The Board continues to make its regularly scheduled payments on its bonds. During 2017, \$17.6 million in principal payments were made.

The Louisiana Department of Environmental Quality has loaned the Board up to \$9.0 million to fund construction of sewerage treatment works, implementing a management program under Section 1329 of the Water Quality Act of 1987, and developing and implementing a conservation and management plan under Section 1330 of the Federal Act. The outstanding balance is \$6.9 million at December 31, 2017.

The Costal Protection and Restoration Authority of Louisiana entered into an agreement with the Department of the Army for the Southeast Louisiana Flood Control Program. The United States Government has committed to 65% of the project costs and The Board is responsible for 35% of the project costs. At December 31, 2017, the accumulated amount due to the U.S. Government totaled approximately \$201.9 million. This amount is estimated based on the actual cost of construction incurred to date. Repayment of principal and interest is expected to start in 2019 through 2050. Total payment for the project is estimated to be approximately \$348.0 million through 2050. The total cost of the project may increase in the upcoming years as additional construction costs continue to add to the project.

See Note 6 for detailed long term debt activity during 2017.

SEWERAGE & WATER BOARD OF NEW ORLEANS

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED DECEMBER 31, 2017 AND 2016

2016 Debt Administration

The Board continues to make its regularly scheduled payments on its bonds. During 2016, \$14.8 million in principal payments were made.

The Louisiana Department of Environmental Quality has loaned the Board up to \$9 million to fund construction of sewerage treatment works, implementing a management program under Section 1329 of the Water Quality Act of 1987, and developing and implementing a conservation and management plan under Section 1330 of the Federal Act. The outstanding balance is \$7.3 million at December 31, 2016.

See Note 6 for detailed long term debt activity during 2016.

ECONOMIC FACTORS AND RATES

The Board, the City Council, and the Board of Liquidation City Debt approved a rate increase of ten percent for the Water and Sewer Departments effective January 1, 2013 and annually thereafter through 2020. The Board also authorized a study to identify the long-term revenue requirement for the drainage system and implementation methodologies for potential new revenue streams.

To meet the bond covenant for the 2014 Water and Sewer Revenue and Refunding Bonds and 2015 Water and Sewer Revenue Bonds, the cash in days is required to be maintained 90 days. The Board has exceeded the goals by 50 days and 209 days in the Water and Sewer system respectively.

The total number of open accounts continue to increase modestly on an annual basis. The total open accounts in 2017 were 134,972, a decrease of 55 over 2016 open accounts of 135,027.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Sewerage & Water Board of New Orleans at (504) 585-2356.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF NET POSITION
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets:		
Cash and cash equivalents	\$ 81,738,118	\$ 113,065,886
Accounts receivable:		
Customers, net of allowance	31,266,628	26,394,894
Taxes	9,652,824	9,863,262
Interest	-	-
Grants	64,315,311	63,578,486
Miscellaneous	2,044,764	1,703,577
Due from City of New Orleans, current	-	-
Inventory of supplies	4,980,081	4,756,195
Prepaid expenses	958,236	617,810
Total current assets	<u>194,955,962</u>	<u>219,980,110</u>
Noncurrent assets:		
Restricted cash, cash equivalents, and investments:		
Cash and cash equivalents restricted for capital projects	67,807,354	170,436,101
Debt service reserve	46,606,340	47,217,981
Health insurance reserve	2,197,500	2,107,501
Total restricted cash, cash equivalents, and investments	<u>116,611,194</u>	<u>219,761,583</u>
Property, plant and equipment	3,995,723,910	3,669,235,817
Less: accumulated depreciation	<u>976,631,113</u>	<u>924,544,157</u>
Property, plant and equipment, net	<u>3,019,092,797</u>	<u>2,744,691,660</u>
Other assets:		
Funds from/for customer deposits	12,239,765	11,773,473
Deposits	51,315	51,315
Total other assets	<u>12,291,080</u>	<u>11,824,788</u>
Total noncurrent assets	<u>3,147,995,071</u>	<u>2,976,278,031</u>
Total assets	<u>3,342,951,033</u>	<u>3,196,258,141</u>
Deferred outflows of resources		
Deferred amounts related to net pension liability	13,476,663	16,904,538
Deferred loss on bond refunding	3,257,510	3,602,317
Total deferred outflows of resources	<u>16,734,173</u>	<u>20,506,855</u>
Total assets and deferred outflows of resources	<u>\$ 3,359,685,206</u>	<u>\$ 3,216,764,996</u>

(Continued)

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF NET POSITION
December 31, 2017 and 2016
(Continued)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2017	2016
Current liabilities (payable from current unrestricted assets):		
Accounts payable	\$ 84,674,274	\$ 40,019,085
Due to City of New Orleans	556,149	394,882
Disaster Reimbursement Revolving Loan (Note 14)	13,241,146	11,098,232
Retainers and estimates payable	11,321,093	9,593,411
Due to pension trust fund	199,741	150,212
Accrued salaries	1,121,435	840,861
Claims payable	4,057,456	3,658,193
Debt Service Assistance Fund loan payable	4,842,337	4,627,616
Advances from federal government	5,319,762	6,369,909
Other liabilities	118,212	106,388
Total current liabilities (payable from current unrestricted assets):	<u>125,451,605</u>	<u>76,858,789</u>
Current liabilities (payable from current restricted assets):		
Accrued interest	2,896,884	2,236,098
Bonds payable	17,461,000	17,627,000
Retainers and estimates payable	2,228,389	845,408
Total current liabilities (payable from current restricted assets):	<u>22,586,273</u>	<u>20,708,506</u>
Total current liabilities	<u>148,037,878</u>	<u>97,567,295</u>
Long-term liabilities:		
Claims payable	55,102,939	13,546,578
Accrued vacation and sick pay	8,000,124	9,822,495
Net pension liability	82,933,718	80,749,658
Other postretirement benefits liability	76,385,395	73,580,341
Bonds payable, net of current maturities	462,165,497	482,308,158
Southeast Louisiana Project liability	201,926,585	163,995,508
Debt Service Assistance Fund loan payable, net of current maturities	47,760,772	52,603,109
Customer deposits	12,239,765	11,773,473
Total long-term liabilities	<u>946,514,795</u>	<u>888,379,320</u>
Total liabilities	<u>1,094,552,673</u>	<u>985,946,615</u>
Deferred inflows of resources:		
Deferred amounts related to net pension liability	1,867,968	2,396,433
Total deferred inflows of resources	<u>1,867,968</u>	<u>2,396,433</u>
Net position:		
Net investment in capital assets	2,405,347,069	2,251,197,095
Restricted for debt service	46,606,340	47,217,981
Unrestricted	(188,688,844)	(69,993,128)
Total net position	<u>2,263,264,565</u>	<u>2,228,421,948</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,359,685,206</u>	<u>\$ 3,216,764,996</u>

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Sales of water and delinquent fees	\$ 90,464,810	\$ 83,158,940
Sewerage service charges	111,063,719	104,795,184
Plumbing inspection and license fees	588,330	638,502
Other revenue	3,451,274	4,078,380
Total operating revenues	<u>205,568,133</u>	<u>192,671,006</u>
Operating expenses:		
Power and pumping	36,552,523	13,499,216
Treatment	25,651,907	20,300,344
Transmission and distribution	36,409,559	37,174,706
Customer accounts	4,460,155	4,151,027
Customer service	4,217,543	4,271,555
Administration and general	24,343,704	18,506,107
Payroll related expenses	38,126,322	43,990,879
Maintenance of general plant	26,100,182	23,979,309
Depreciation	59,450,076	52,060,674
Provision for doubtful accounts	14,326,711	3,413,404
Provision for claims	45,272,821	6,450,805
Total operating expenses	<u>314,911,503</u>	<u>227,798,026</u>
Operating loss	<u>(109,343,370)</u>	<u>(35,127,020)</u>
Non-operating revenues (expenses):		
Three-mill tax	15,309,309	16,043,825
Six-mill tax	16,229,098	16,215,799
Nine-mill tax	23,881,671	23,762,398
Two-mill tax	2,735	7,526
Other taxes	593,424	564,050
Federal noncapital grants	845	24,738
Interest income	4,277,115	4,667,470
Interest expense	(3,537,336)	(32,471)
Provision for grants	(8,906,949)	-
Total non-operating revenues	<u>47,849,912</u>	<u>61,253,335</u>
(Loss) income before capital contributions	(61,493,458)	26,126,315
Capital contributions	<u>96,336,075</u>	<u>119,607,318</u>
Change in net position	34,842,617	145,733,633
Net position, beginning of year	<u>2,228,421,948</u>	<u>2,082,688,315</u>
Net position, end of year	<u>\$ 2,263,264,565</u>	<u>\$ 2,228,421,948</u>

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF CASH FLOWS
ENTERPRISE FUND

For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Cash received from customers	\$ 182,957,643	\$ 177,348,307
Cash payments to suppliers for goods and services	(81,124,197)	(74,377,935)
Cash payments to employees for services	(79,175,213)	(76,371,844)
Other revenue	3,698,417	6,429,300
	<u>26,356,650</u>	<u>33,027,828</u>
Net cash provided by operating activities		
Cash flows from noncapital financing activities		
Proceeds from property taxes	56,226,675	54,774,604
Proceeds from federal noncapital grants	845	24,738
	<u>56,227,520</u>	<u>54,799,342</u>
Net cash provided by noncapital financing activities		
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(198,760,189)	(121,191,935)
Principal payments and refundings of bonds payable	(16,855,193)	(14,474,448)
Principal payments on Debt Service Assistance Fund loan	(4,627,616)	(4,422,414)
Interest paid on bonds payable	(27,816,506)	(26,982,130)
Payments to construction fund	(1,195,183)	(3,632,953)
Proceeds from construction fund	3,338,097	2,759
Capital contributed by developers and federal grants	24,664,924	28,169,723
	<u>(221,251,666)</u>	<u>(142,531,398)</u>
Net cash used in capital and related financing activities		
Cash flows from investing activities		
Investment income	4,655,631	6,602,284
	<u>4,655,631</u>	<u>6,602,284</u>
Net cash provided by investing activities		
Net decrease in cash	(134,011,865)	(48,101,944)
Cash at the beginning of the year	338,709,218	386,811,162
Cash at the end of the year	<u>\$ 204,697,353</u>	<u>\$ 338,709,218</u>
Reconciliation of cash, designated cash, and restricted cash (Note 2)		
Current assets - cash	\$ 90,727,883	\$ 121,589,359
Restricted assets - cash	<u>113,969,470</u>	<u>217,119,859</u>
Total cash	<u>\$ 204,697,353</u>	<u>\$ 338,709,218</u>

(Continued)

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF CASH FLOWS
ENTERPRISE FUND
For the years ended December 31, 2017 and 2016
(Continued)

	<u>2017</u>	<u>2016</u>
Reconciliation of operating loss to net cash provided by operating activities is as follows:		
Operating loss	\$ (109,343,370)	\$ (35,127,020)
Adjustments to reconcile net operating loss to net cash provided by operating activities:		
Depreciation	59,450,076	52,060,674
Provision for claims	45,272,821	6,450,805
Provision for doubtful accounts	14,326,711	3,413,404
Change in operating assets and liabilities:		
Increase in customer receivables	(19,198,445)	(11,440,708)
(Increase) decrease in inventory	(223,886)	547,550
(Increase) decrease in prepaid expenses and other receivables	(681,613)	2,473,773
Decrease in deferred outflows of resources related to net pension liability	3,427,875	2,175,492
Increase in net pension obligation	2,184,060	3,782,094
Increase in accounts payable	33,047,738	4,194,015
(Decrease) increase in accrued salaries, due to pension and accrued vacation and sick pay	(1,492,268)	608,612
Increase in customer deposits	466,292	594,769
Increase in net other postretirement benefits liability	2,805,054	6,001,325
Decrease in other liabilities	(3,155,930)	(2,178,492)
Decrease in deferred inflows of resources related to net pension liability	(528,465)	(528,465)
Net cash provided by operating activities	<u>\$ 26,356,650</u>	<u>\$ 33,027,828</u>
Schedule of non-cash capital and related financing activities		
Contributions of capital assets	<u>\$ 71,671,151</u>	<u>\$ 91,437,595</u>
Additions of property, plant and equipment in accounts payable	<u>\$ 30,265,178</u>	<u>\$ 18,657,727</u>

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF FIDUCIARY NET POSITION
PENSION TRUST FUND
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets:		
Cash	\$ 230,946	\$ 40,495
Receivables:		
Investment income	56,208	77,982
Employee contributions receivable	45,061	33,751
Due from other fund	240,245	-
Investments:		
Money market	975,593	1,715,931
LAMP	11,610,897	13,779,922
Debt securities	81,607,684	79,742,033
Hedge funds	20,968,656	20,487,315
Equities	119,549,027	108,525,255
Total assets	<u>235,284,317</u>	<u>224,402,684</u>
Liabilities:		
Due to other fund	<u>-</u>	<u>46,423</u>
Total Liabilities	<u>-</u>	<u>46,423</u>
Net position - restricted for pension benefits	<u>\$ 235,284,317</u>	<u>\$ 224,356,261</u>

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
STATEMENTS OF CHANGES IN FIDUCIARY PLAN NET POSITION
PENSION TRUST FUND
For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Additions:		
Contributions:		
Employee contributions	\$ 2,139,705	\$ 2,064,387
Employer contributions	7,239,467	6,407,201
City annuity and other transfers in	2,416,042	1,629,756
Total contributions	<u>11,795,214</u>	<u>10,101,344</u>
Investment income:		
Interest income	234,286	252,515
Dividend income	1,464,805	1,321,127
Net appreciation	22,500,911	11,840,116
	<u>24,200,002</u>	<u>13,413,758</u>
Less: investment expense	<u>873,729</u>	<u>844,154</u>
Net investment income	<u>23,326,273</u>	<u>12,569,604</u>
Total additions	<u>35,121,487</u>	<u>22,670,948</u>
Deductions:		
Benefits	(16,974,995)	(15,757,292)
Employee refunds	(438,134)	(421,087)
Employee contributions to DROP	(6,780,302)	(4,563,835)
Total deductions	<u>(24,193,431)</u>	<u>(20,742,214)</u>
Change in net position	10,928,056	1,928,734
Net position restricted for pension benefits at beginning of year	<u>224,356,261</u>	<u>222,427,527</u>
Net position restricted for pension benefits at end of year	<u>\$ 235,284,317</u>	<u>\$ 224,356,261</u>

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

History and Organization

The major operation of the Sewerage and Water Board of New Orleans (the Board) is providing water, sewerage, and drainage services for the City of New Orleans (the City). The Sewerage and Water Board of New Orleans was created by Act 6 of the Louisiana Legislature of 1899 as a special board independent of the City's government to construct, maintain, and operate a water treatment and distribution system and a public sanitary sewerage system for the City. In 1903, the Legislature gave the Board control of and responsibility for the City's major drainage system and relieved the City of the duty of providing in its annual operating budget or otherwise for the maintenance and operations of the water, sewerage, and drainage systems.

In accordance with the Louisiana Revised Statutes (LRS) 33:4096 and 4121, the Board has the authority to establish the water and sewerage rates to charge to its customers. The rates are based on the actual water consumed and on the costs of maintenance and operation of the water and sewerage systems, including the costs of improvements and replacements. The collections of water and sewerage revenues are to be used by the Board for the maintenance and operation of the systems, the cost of improvements, betterments, and replacements and to provide for the payments of interest and principal on the bonds payable. On November 14, 2012, the Board approved both sewer and water rate increases commencing January 1, 2013. The sewer and water rates increase approximately 10% each year until the year of 2020. This increase was approved by the New Orleans City Council on November 14, 2012.

The Board has also been given the authority to levy and collect various tax millages, which are used for the operation and maintenance of the drainage operations. All excess revenues collected are made available for capital development of the system. The proceeds of the rate collections and tax millages are invested in such investments as authorized by the LRS. These investments are reflected in the combined statements of net position, as "restricted assets," as they are restricted to the purposes as described above.

Effective January 1, 2014, the Board's makeup was changed to eleven members, including the Mayor of the City as the President of the Board, two members of the Board of Liquidation, City Debt, and eight citizens, as designated by State statutes. The terms of office are staggered from one year to four years, as designated by State statutes.

The Board's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to utilities and to governmental units as set forth through the Government Accounting Standard Board. The following is a summary of the more significant policies.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (continued)

(A) Reporting Entity

In conformity with the Governmental Accounting Standards Board's definition of a reporting entity, the Board includes an enterprise fund and a pension trust fund for financial reporting purposes. The Board is considered a reporting entity based on the following criteria:

- (a) Responsibility for surpluses/deficits. The Board is solely responsible for its surpluses/deficits. In accordance with LRS, no other governmental unit is responsible for the Board's deficits or has a claim to its surpluses. The Board's operations are self-sustaining; revenues are generated through charges to customers and dedicated property taxes. Other than grants, no funding is received from the State of Louisiana or the City of New Orleans.
- (b) Budget Approval. The Board is solely responsible for reviewing, approving, and revising its budget.
- (c) Responsibility for Debt. The LRS authorize the Board to issue bonds; such bonds must bear on their face a statement that they do not constitute a debt of the City. The Board is solely responsible for payments to bondholders. No other governmental unit is required by statute to make any payments to bondholders nor have any payments to bondholders ever been made by any governmental unit, except the Board.
- (d) Designation of Management. The Board controls the hiring of management and employees.
- (e) Special Financial Relationship. The Board has no special financial relationships with any other governmental unit.
- (f) Statutory Authority. The Board's statutory authority was created by the State of Louisiana as an independent governmental unit. Only an amendment to the state statutes can change or abolish the Board's authority.

The Board is a stand-alone entity as defined by Governmental Accounting Standards Board Statement 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. The Board is a legally-separate governmental organization that does not have a separately elected governing body and does not meet the definition of a component unit. As a result of a Louisiana Supreme Court decision on March 21, 1994, the Board was declared to be an autonomous or self-governing legal entity, legally independent of the City, State and other governments, created and organized pursuant to Louisiana Revised Statutes 33:4071 as a board, separate and independent of the governing authorities of the City and vested with autonomous or self-governing authority. No other government can mandate actions of the Board nor impose specific financial burdens, except the approval of the City Council and the Board of Liquidation in the case of bond issues and certain rate increases. As such, the City considers the Board to be a component unit of the City and includes the Board, as a discreetly presented component unit, in the City's annual financial statements. However, the Board is fiscally independent to operate under its bond covenant and the provisions of LRS provisions.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (continued)

(B) Basis of Financial Statement Presentation

The Board's basic financial statements consist of the government-wide statements which include the proprietary fund (the enterprise fund) and the fund financial statements which includes the fiduciary fund (the pension trust fund).

The operations of the Board are accounted for in the following fund types:

Proprietary Fund Type

The proprietary fund is used to account for the Board's ongoing operations and activities, which are similar to those often found in the private sector. The proprietary fund is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Net position is segregated into amounts invested in capital assets (net of related debt), restricted for debt service, restricted for capital projects, and unrestricted. The Board's restricted assets are expendable for their purposes. The Board utilizes available unrestricted assets before utilizing restricted assets. The operating statements present increases (revenues) and decreases (expenses) in net position. The Board maintains one proprietary fund type – the enterprise fund. The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance.

Operating revenues include all charges for service; other revenues include reconnection fees and other miscellaneous charges. Operating expenses include the costs associated with providing water, sewerage, and drainage services. Interest income, interest expense, and tax revenues are presented as non-operating items.

Under the provisions of GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Board applies all applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 in accounting for its operations unless those pronouncements conflict or contradict GASB pronouncements.

The enterprise fund is presented in the government-wide financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (continued)

(B) Basis of Financial Statement Presentation (continued)

Fiduciary Fund Type

The fiduciary fund is used to account for assets held by the Board in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Board maintains one fiduciary fund type - the pension trust fund. The pension trust fund uses the flow of economic resources measurement focus. All assets and liabilities associated with the operation of this fund are included in the statement of plan net assets. The pension trust fund is used to account for the activity of the Board's employee retirement plan, which is a component unit of the Board.

The pension trust fund is presented in the fund financial statements.

(C) Basis of Accounting

The enterprise fund and the pension trust fund prepare their financial statements on the accrual basis of accounting. Unbilled utility service charges are not recorded as management considers the effect of not recording such unbilled receivables as not material. Property taxes are recorded as revenue in the year for which they are levied. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the pension plan are recognized when due and the employer has made a commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

(D) Investments

Investments are reported at fair value, except for short-term investments (maturity of one year or less), which are reported at amortized cost, which approximates fair value. Securities traded in a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. Investment income and expenses, including changes in the fair value of the investments, are recognized in the Statements of Revenues, Expenses, and Changes in Net Position.

(E) Inventory of Supplies

Inventory of supplies is valued at the lower of cost or market. Cost is determined by the weighted average cost method.

(F) Vacation and Sick Pay

Vacation (annual leave) and sick pay (sick leave) are accrued when earned. Annual leave is accrued at the rate of .6923 of a workday for each bi-weekly accrual period for all employees on the payroll as of December 31, 1978. Employees hired after that date earn leave at a rate of .5 of a workday per bi-weekly pay period.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (continued)

(F) Vacation and Sick Pay (continued)

All employees on the payroll as of December 31, 1978 receive three bonus days each year; all employees hired after that date receive three bonus days each year for five through nine calendar years of continuous service; six bonus days each year for ten through fourteen years; nine bonus days each year for fifteen through nineteen years; and, twelve days for twenty or more years of continuous service. Civil Service's policy permits employees a limited amount of earned but unused annual leave which will be paid to employees upon separation from the Board. The amount shall not exceed ninety days for employees hired before January 1, 1979, and forty-five days for employees hired after December 31, 1978.

Sick leave is accumulated on a bi-weekly basis by all employees hired prior to December 31, 1978 at an accrual rate of .923 of a workday. For employees hired subsequent to December 31, 1978, the accrual rate is .5 of a workday for each bi-weekly period, plus a two-day bonus each year for employees with six through fifteen calendar years of continuous service, and seven bonus days each year for employees with sixteen or more calendar years of continuous service.

Upon separation from the Board, an employee can elect to convert unused sick leave for retirement credits or cash. The conversion to cash is determined by a rate ranging from one day of pay for five days of leave for the 1st through 100th leave day to one day of pay for one day of leave for all days in excess of the 400th leave day. The total liability for unconverted sick leave as of December 31, 2017 and 2016 is approximately \$12,996,493 and \$13,894,262, respectively. The amount included in the statements of net position as of December 31, 2017 and 2016 is \$8,000,124 and \$9,822,495, respectively, which represents the annual leave and the converted sick leave for cash since virtually all employees convert their sick leave to cash. The Board books the compensated absences as a long-term liability. The amounts for compensated absences include the salary cost as well as certain salary related costs, such as the Board's share of social security expense. The following table summarizes changes in the Board's vacation and sick pay liability.

Year	Beginning of Year Liability	Current Year Earned and Changes in Estimate	Payments	End of Year Liability
2017	\$ 9,822,495	\$ 1,440,948	\$ (3,263,319)	\$ 8,000,124
2016	\$ 9,500,827	\$ 3,744,057	\$ (3,422,389)	\$ 9,822,495

(G) Property, Plant, and Equipment

Property, plant, and equipment are carried at historical cost. The Board capitalizes moveable equipment with a value of \$10,000 or greater, stationary, network, and other equipment with a value of \$5,000 or greater and all real estate. The cost of additions includes contracted work, direct labor, materials, and allocable cost. Donated capital assets are recorded at their acquisition value at the date of donation.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies (continued)

(G) Property, Plant, and Equipment (continued)

Interest is capitalized on property, plant, and equipment acquired and/or constructed with tax exempt debt. Depreciation is computed using the straight-line method over the estimated useful life of the asset. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in revenue for the period. The cost of maintenance and repairs is charged to operations as incurred, and significant renewals and betterments are capitalized. Deductions are made for retirements resulting from renewals or betterments.

(H) Self-Insurance/Risk Management

The Board is self-insured for general liability, workers' compensation, unemployment compensation, and hospitalization benefits and claims. The accrued liability for the various types of claims represents an estimate by management of the eventual loss on the claims arising prior to year-end, including claims incurred and not yet reported including estimates of both future payments of losses and related claims adjustment and expense. Estimated expenses and recoveries are based on a case by case review.

(I) Bond Issuance Costs and Refinancing Gains (Losses)

Costs related to issuing bonds are expensed when incurred. Premiums and discounts associated with bond issues are amortized over the interest yield method.

(J) Deferred Inflows/Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The deferred charge on refunding reported on the statements of net position results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows and outflows have been recognized for the net difference between the projected and actual investment earnings, this amount is deferred and amortized over a period of five years. In addition, deferred inflows and outflows have been recognized for the differences between the actuarial expectation and the actual economic experience and changes in proportion and difference between the employer's contributions and the proportionate share of contributions related to the defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. See Note 3 for additional information on deferred inflows and outflows related to the pension plan.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(1) Summary of Significant Accounting Policies (continued)

(K) Pension

The Board may fund all or part of the accrued pension cost, depending on the resources that are available at the time of contribution, for its contributory pension plan which covers substantially all employees. Annual costs are actuarially computed using the entry age normal cost method.

(L) Drainage System

In 1903, the Legislature gave the Board control of and responsibility for the City's drainage system. The Drainage System was established as a department of the enterprise fund to account for the revenues from three-mill, six-mill, and nine-mill ad valorem taxes designated exclusively for drainage services. These revenues have been supplemented by inspection and license fees collected by the Board. There exists a potential for additional financing by additional user service charges. Expenditures from the system are for the debt service of three-mill, six-mill, and nine-mill tax bonds and drainage related operation, maintenance, and construction.

(M) Capital Contributions

Contributions from developers and others, and receipts of Federal, State, and City grants for acquisition of property, plant, and equipment are recorded as capital contributions in the statements of revenues, expenses, and changes in net position.

(N) Net Position Flow Assumption

Sometimes the Board will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. The Board's policy is to consider restricted net position to have been depleted before unrestricted-net position is applied.

(O) Net Position

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding debt attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in this component of net position. Rather, that portion of debt is included in the same component of net position as the unspent proceeds.

Restricted – This net position component reports externally imposed constraints placed on their use by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – Unrestricted net position is the balance (deficit) of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(1) Summary of Significant Accounting Policies (continued)

(P) Cash Flows

For purposes of the statements of cash flows, only cash on hand and on deposit at financial institutions is considered to be cash equivalents. Certificates of deposits, treasury bills, and other securities are considered investments.

(Q) Operating and Nonoperating Revenues

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with principal ongoing operations. The principal operating revenues of the Board are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(R) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates.

(S) Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. This reclassification had no effect on previously reported change in net position.

(2) Cash and Investments

The Board's investments and cash consist primarily of investments in direct obligations of the United States or agencies thereof and deposits with financial institutions.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Statutes require that the Board's cash and certificates of deposit be covered by federal depository insurance or collateral. At December 31, 2017, the Board's interest bearing deposits with banks consisted of cash and money market funds totaling \$166,677,175 and certificates of deposit of \$273,708. At December 31, 2016, the Board's interest bearing deposits with banks consisted of cash and money market funds totaling \$296,814,483 and certificates of deposit of \$273,485. The Board's cash bank balances and all certificates of deposit for 2017 and 2016 were covered by federal depository insurance or collateral held by custodial agents of the financial institutions in the name of the Board.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments (continued)

In accordance with GASB 40, unless there is information to the contrary, obligations of the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality.

The following are the components of the Board's cash and investments as of December 31 for the Enterprise Fund:

<u>2017</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Enterprise Fund:			
Cash and money market funds	\$ 90,727,883	\$ 113,695,763	\$ 204,423,646
Certificates of deposit	273,708	-	273,708
	91,001,591	113,695,763	204,697,354
Investments - LAMP	3,250,000	2,641,723	5,891,723
Total cash and investments at fair value	\$ 94,251,591	\$ 116,337,486	\$ 210,589,077

<u>2016</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Enterprise Fund:			
Cash and money market funds	\$ 121,315,874	\$ 217,119,859	\$ 338,435,733
Certificates of deposit	273,485	-	273,485
	121,589,359	217,119,859	338,709,218
Investments - LAMP	3,250,000	2,641,724	5,891,724
Total cash and investments at fair value	\$ 124,839,359	\$ 219,761,583	\$ 344,600,942

(A) Fair Value Measurement

To the extent available, the Board's investments are recorded at fair value as of December 31, 2017 and 2016. GASB Statement No. 72 – Fair Value Measurement and Application, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(2) Cash and Investments (continued)

(A) Fair Value Measurement (continued)

Investments - Statutes authorize the Board to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poors Corporation or P-1 by Moody's Commercial Paper Record, repurchase agreements, and the Louisiana Asset Management Pool (LAMP). In addition, the pension trust fund is authorized to invest in corporate bonds rated BBB or better by Standard & Poors Corporation or Baa or better by Moody's Investors Service and equity securities.

A summary of the Fund's investments along with the Fair value hierarchy levels of each type of investment as of December 31, 2017 and 2016 are as follows:

	12/31/2017	Fair Value Hierarchy		
		Quoted Prices in Active Markets (Level 1 Inputs)	Significant Other Observable Inputs (Level 2 Inputs)	Significant Unobservable Inputs (Level 3 Inputs)
Investment by Fair Value Level:				
Equities	\$ 119,549,027	\$ 119,549,027	\$ -	\$ -
Debt Securities	81,607,684	-	81,607,684	-
Hedge Funds	20,968,656	-	20,968,656	-
Total Investments at Fair Value Level	<u>\$ 222,125,367</u>	<u>\$ 119,549,027</u>	<u>\$ 102,576,340</u>	<u>\$ -</u>
Investment measured at the net asset value (NAV):				
Money market funds	\$ 165,542,957			
LAMP	17,502,620			
Certificate of Deposit	273,708			
Total Investments at NAV	<u>\$ 183,319,285</u>			
Total Investments at Fair Value	<u>\$ 405,444,652</u>			

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(2) Cash and Investments (continued)

(B) Fair Value Measurement (continued)

	12/31/2016	Fair Value Hierarchy		
		Quoted Prices in Active Markets (Level 1 Inputs)	Significant Other Observable Inputs (Level 2 Inputs)	Significant Unobservable Inputs (Level 3 Inputs)
Investment by Fair Value Level:				
Equities	\$ 108,525,255	\$ 108,525,255	\$ -	\$ -
Debt Securities	79,742,033	-	79,742,033	-
Hedge Funds	20,487,315	-	20,487,315	-
Total Investments at Fair Value Level	<u>\$ 208,754,603</u>	<u>\$ 108,525,255</u>	<u>\$ 100,229,348</u>	<u>\$ -</u>
Investment measured at the net asset value (NAV):				
Money market funds	\$ 285,016,120			
LAMP	19,671,646			
Certificate of Deposit	<u>273,485</u>			
Total Investments at NAV	<u>\$ 304,961,251</u>			
Total Investments at Fair Value	<u>\$ 513,715,854</u>			

Money market funds, LAMP, and certificate of deposit are measured using NAV as a practical expedient. These investments have not been classified in the fair value hierarchy table. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net assets available for benefits.

A reconciliation of the enterprise and pension funds to the total investments at December 31, 2017 and 2016 is as follows:

<u>2017</u>	<u>Enterprise</u>	<u>Pension</u>	<u>Total</u>
Money market	\$ 164,567,364	\$ 975,593	\$ 165,542,957
LAMP	5,891,723	11,610,897	17,502,620
Certificate of Deposit	273,708	-	273,708
Other investments	-	222,125,367	222,125,367
	<u>\$ 170,732,795</u>	<u>\$ 234,711,857</u>	<u>\$ 405,444,652</u>
<u>2016</u>	<u>Enterprise</u>	<u>Pension</u>	<u>Total</u>
Money market	\$ 283,300,189	\$ 1,715,931	\$ 285,016,120
LAMP	5,891,724	13,779,922	19,671,646
Certificate of Deposit	273,485	-	273,485
Other investments	-	208,754,603	208,754,603
	<u>\$ 289,465,398</u>	<u>\$ 224,250,456</u>	<u>\$ 513,715,854</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(2) Cash and Investments (continued)

(C) Louisiana Asset Management Pool (LAMP)

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with Louisiana R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 89 as of December 31, 2017.
- Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(2) Cash and Investments (continued)

(D) Credit and Interest Risk

Credit Risk - State law limits investments in securities issued, or backed by United States Treasury obligations, and U.S. Government instrumentalities, which are federally sponsored. The Board's investment policy does not further limit its investment choices. LAMP is rated AAAm by Standard & Poor's. The Pension Trust Fund's investment policy requires that fixed income investments be investment grade (BBB or higher as rated by Standard & Poor's or Baa or higher as rated by Moody's). Bonds rated below BBB/Baa are not to exceed 15% of the portfolio, and non-rated bonds are not to exceed 1% of the portfolio.

Following are the credit risk ratings of the Pension Trust Fund's investments in debt securities as of December 31, 2017:

Rating	Corporate Bonds	Foreign Government Bonds	Government Bonds and U.S. Treasury Notes	Other	Total	Percentage of Total
AAA	\$ -	\$ 3,972	\$ 42,361,399	\$ 4,119,108	\$ 46,484,479	56.96%
AA+	-	-	-	2,941,468	2,941,468	3.60%
AA	70,751	24,515	-	85,784	181,050	0.22%
AA-	271,697	-	268,882	28,352	568,931	0.70%
A+	902,153	102,119	-	60,441	1,064,713	1.30%
A	4,238,695	39,467	-	189,587	4,467,749	5.47%
A-	3,970,964	55,935	-	136,085	4,162,984	5.10%
BBB+	3,274,255	1,551,202	93,272	85,519	5,004,248	6.13%
BBB	3,877,270	162,662	764,000	182,689	4,986,621	6.11%
BBB-	4,154,975	130,372	-	643,716	4,929,063	6.04%
BB+	1,293,997	141,649	-	82,703	1,518,349	1.86%
BB	565,246	724,579	-	136,414	1,426,239	1.75%
BB-	788,982	116,821	-	135,962	1,041,765	1.28%
B+	608,821	318,374	-	12,534	939,729	1.15%
B	510,817	197,479	-	141,002	849,298	1.04%
B-	259,496	294,479	-	110,154	664,129	0.81%
CCC+	108,203	3,602	-	26,581	138,386	0.17%
CCC	128,426	10,203	-	45,857	184,486	0.23%
CCC-	-	7,805	-	7,423	15,228	0.02%
CC	-	7,120	-	7,330	14,450	0.02%
Not Rated	-	-	-	24,319	24,319	0.03%
Total	\$ 25,024,748	\$ 3,892,355	\$ 43,487,553	\$ 9,203,028	\$ 81,607,684	100%

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(2) Cash and Investments (continued)

(D) Credit and Interest Risk (continued)

Following are the credit risk ratings of the Pension Trust Fund's investments in debt securities as of December 31, 2016:

Rating	Corporate Bonds	Foreign Government Bonds	Government Bonds and U.S. Treasury Notes	Other	Total	Percentage of Total
AAA	\$ -	\$ -	\$ 19,919,181	\$ 14,311,575	\$ 34,230,756	42.93%
AA+	130,821	-	-	69,908	200,729	0.25%
AA	92,738	-	-	369,843	462,581	0.58%
AA-	337,259	-	-	705,390	1,042,649	1.31%
A+	1,265,653	-	-	195,724	1,461,377	1.83%
A	3,533,573	19,760	-	714,178	4,267,511	5.35%
A-	5,764,628	38,222	-	188,514	5,991,364	7.51%
BBB+	3,395,461	-	-	2,565,903	5,961,364	7.48%
BBB	4,771,163	148,644	-	100,235	5,020,042	6.30%
BBB-	5,582,274	295,503	-	701,179	6,578,956	8.25%
BB+	1,674,724	50,710	-	96,877	1,822,311	2.29%
BB	766,273	267,656	-	1,186,890	2,220,819	2.79%
BB-	1,101,823	173,585	-	144,094	1,419,502	1.78%
B+	924,767	144,147	-	25,560	1,094,474	1.37%
B	440,465	208,459	-	210,459	859,383	1.08%
B-	518,269	170,795	-	142,123	831,187	1.04%
CCC+	194,437	-	-	9,362	203,799	0.26%
CCC-	65,223	36,914	-	60,958	163,095	0.20%
CC	11,845	-	-	20,397	32,242	0.04%
C	18,603	-	-	39	18,642	0.02%
Not Rated	141,961	51,133	1,612,948	4,053,208	5,859,250	7.35%
Total	\$ 30,731,960	\$ 1,605,528	\$ 21,532,129	\$ 25,872,416	\$ 79,742,033	100%

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Board has a formal investment policy that states that the investment portfolio shall remain sufficiently liquid to meet all operating and capital requirements that may be reasonably anticipated and that maturities of investments are to be structured concurrent with cash needs to meet anticipated demand.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(2) Cash and Investments (continued)

(E) Pension Trust Fund Investments

As of December 31, 2017, the Pension Trust Fund had the following investments in debt securities and maturities:

Investment Type	Duration					Total
	Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater Than 10 Years	Duration Not Available	
Corporate Bonds	\$ 2,315,819	\$ 11,068,192	\$ 9,009,756	\$ 2,535,874	\$ 95,107	\$ 25,024,748
Foreign Government Bonds	125,426	1,502,993	992,511	1,172,130	99,295	3,892,355
Government Bonds and U.S. Treasury Notes	884,858	28,907,286	10,309,032	3,386,377	-	43,487,553
Other	3,992,328	2,215,261	705,127	2,228,621	61,691	9,203,028
Total	<u>\$ 7,318,431</u>	<u>\$ 43,693,732</u>	<u>\$ 21,016,426</u>	<u>\$ 9,323,002</u>	<u>\$ 256,093</u>	<u>\$ 81,607,684</u>

As of December 31, 2016, the Pension Trust Fund had the following investments in debt securities and maturities:

Investment Type	Duration					Total
	Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater Than 10 Years	Duration Not Available	
Corporate Bonds	\$ 3,179,391	\$ 13,226,936	\$ 11,182,301	\$ 3,016,635	\$ 126,698	\$ 30,731,961
Foreign Government Bonds	127,300	564,103	609,634	304,492	-	1,605,529
Government Bonds and U.S. Treasury Notes	-	10,474,838	6,605,338	4,350,953	-	21,431,129
Other	3,495,397	11,454,351	9,620,717	1,307,733	95,216	25,973,414
Total	<u>\$ 6,802,088</u>	<u>\$ 35,720,228</u>	<u>\$ 28,017,990</u>	<u>\$ 8,979,813</u>	<u>\$ 221,914</u>	<u>\$ 79,742,033</u>

(F) Security Lending

Under the provisions of its benefit plan and state law, the Board's pension benefit trust engages in securities lending to broker dealers and other entities for cash collateral that will be returned for the same securities in the future. The cash collateral cannot be liquidated by the Board unless the borrower defaults. Cash collateral is initially pledged at 102.73% of the market value of securities lent and additional collateral is provided by the next business day if the value falls to less than 100% of the market value of the securities lent. No collateral exposure existed at December 31, 2017 and 2016. The value of securities lent at December 31, 2017 and 2016 was \$31,264,473 and \$41,519,835, respectively. The market value of the cash collateral at December 31, 2017 and 2016 was \$32,001,957 and \$42,465,707, respectively.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(3) Defined Benefit Pension Plan

Plan Descriptions

The Board has a single-employer contributory retirement plan covering all full-time employees, the Pension Trust Fund (PTF). The Board's payroll for current employees covered by the PTF for the years ended December 31, 2017 and 2016 was \$41,822,648 and \$35,363,156, respectively; such amounts exclude overtime and standby payroll. At December 31, the PTF membership consisted of:

	<u>2017</u>	<u>2016</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	892	861
Current employees:		
Vested	479	513
Non-vested	604	485
	<u>1,083</u>	<u>998</u>
Total	<u>1,975</u>	<u>1,859</u>

Benefits Provided

The benefit provisions were established by action of the Board in 1956 in accordance with Louisiana statutes. The Board retains exclusive control over the plan through the Pension Committee of the PTF. Effective January 1, 1996, the plan became qualified under Internal Revenue Code Section 401(a) and thus is tax exempt.

The plan provides for retirement benefits as well as death and disability benefits. All benefits vest after five years of service. Employees who retire at or after age 65 with ten years of credited service are entitled to an annual retirement benefit, payable biweekly for life, in an amount equal to two percent of their average compensation for each year of credited service up to ten years, increasing by (1) one-half percent per year for service years over ten years, (2) an additional one-half percent per year for service years over twenty years and (3) an additional one percent per year for service years over thirty years, for a maximum of four percent for each year of credited service. Average compensation is the average annual earned compensation (prior to 2002, less \$1,200) for the period of 36 successive months of service during which the employee's compensation was the highest. Employees with thirty years or more of credited service may retire without a reduction in benefits. Employees may retire prior to age 62 without 30 years of service with a reduction in benefits of three percent for each year of age below the age of 62. If an employee leaves covered employment or dies before three years of credited service, the accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(3) Defined Benefit Pension Plan (continued)

Plan Descriptions (continued)

Benefits Provided (continued)

The retirement allowance for retirees over age 65 is subject to a cost of living adjustment each January 1, provided that the member retired on or after January 1, 1984. The adjustment is based on the increase in the Consumer Price Index for all urban wage earners published by the U.S. Department of Labor but is limited to an annual maximum of two percent on the first \$10,000 of initial retirement benefits.

Effective September 23, 1993, employers may transfer credit between the Board's plan and the City of New Orleans' retirement system with full credit for vested service. The Board and its employees are obligated under plan provisions to make all required contributions to the plan. The required contributions are actuarially determined. Level percentage of payroll employer contribution rates is determined using the entry age normal actuarial funding method. Employees are required to contribute four percent of their regular salaries or wages.

Deferred Retirement Option Program (DROP)

Beginning in 1996, the Board offered employees a "Deferred Retirement Option Plan" (DROP), an optional retirement program which allows an employee to elect to freeze his or her retirement benefits but continue to work and draw a salary for a minimum period of one year to a maximum period of five years. While continuing employment, the retirement benefits are segregated from overall plan assets available to other participants. As of December 31, 2017 and 2016, 116 and 119 employees, respectively, participated in the plan. The amount of plan assets segregated for these individuals was \$9,294,547 and \$11,328,708 as of December 31, 2017 and 2016, respectively.

Funding Policy

The actuarially determined contribution requirement for the Board was 30.216% and 36.175% for 2017 and 2016. The contribution requirement for employees for the years ended December 31, 2017 and 2016 was 6.0%. The actual Board's and employees' contributions (including contributions for transferred employees from other pension plans) for the years ended December 31 were as follows:

	<u>2017</u>	<u>2016</u>
Employer and other transfers	\$ 9,655,509	\$ 8,036,957
Employee	<u>2,139,705</u>	<u>2,064,387</u>
Total contributions	\$ <u>11,795,214</u>	\$ <u>10,101,344</u>

Net Pension Liability

The Board's Net Pension Liability was measured as of December 31, 2017 and 2016. The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(3) Defined Benefit Pension Plan (continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2017 and 2016, using the following actuarial assumptions:

	2017	2016
Investment rate of return	7.00%	7.00%
Inflation	2.00%	2.00%
Salary increases including inflation	5.00%	5.00%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage which is based on the nature and mix of current and expected plan investments and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Trust Fund's current and expected asset allocation as of December 31, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	8.5%
Fixed Income	6.5%
Alternative	7.0%
Cash and Equivalents	--

Discount Rate

The discount rate used to measure the total pension liability was 7% for the 2017 and 2016 plan years. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that the plan's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the PTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Investment Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the years ended December 31, 2017 and 2016, the annual money-weighted rates of return on pension plan investments, net of pension plan investment expenses, were 10.52% and 5.42%, respectively.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(3) Defined Benefit Pension Plan (continued)

Actuarial Assumptions (continued)

Sensitivity of the Net Pension Liability to Change in the Discount Rate

The following presents the net pension liability of the Board as of December 31, 2017 and 2016, calculated using the discount rate of 7%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current rate.

	1% Decrease 6%	Current Discount Rate 7%	1% Increase 8%
<u>December 31, 2017</u>			
Total pension liability	\$ 347,528,250	\$ 318,218,035	\$ 296,691,527
Fiduciary net position	235,284,317	235,284,317	235,284,317
Net pension liability	112,243,933	82,933,718	61,407,210
<u>December 31, 2016</u>			
Total pension liability	\$ 333,051,219	\$ 305,105,919	\$ 281,298,180
Fiduciary net position	224,356,261	224,356,261	224,356,261
Net pension liability	108,694,958	80,749,658	56,941,919

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2016	\$ 305,105,919	\$ 224,356,261	\$ 80,749,658
Changes for the year:			
Service cost	3,797,316	-	3,797,316
Interest	21,357,414	-	21,357,414
Difference between expected and actual experience	9,734,775	-	9,734,775
Changes of assumptions	-	-	-
Contributions – employer	-	7,239,467	(7,239,467)
Contributions – employee	-	2,139,705	(2,139,705)
Contributions – fines	-	-	-
Net investment income	-	23,326,273	(23,326,273)
Benefit payments, including refunds of employee contributions	(21,777,389)	(21,777,389)	-
Administrative expense	-	-	-
Net changes	13,112,116	10,928,056	2,184,060
Balances at December 31, 2017	\$ 318,218,035	\$ 235,284,317	\$ 82,933,718

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(3) Defined Benefit Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2015	\$ 299,395,091	\$ 222,427,527	\$ 76,967,564
Changes for the year:			
Service cost	3,030,914	-	3,030,914
Interest	20,957,657	-	20,957,657
Difference between expected and actual experience	834,712	-	834,712
Changes of assumptions	-	-	-
Contributions – employer	-	6,407,201	(6,407,201)
Contributions – employee	-	2,064,387	(2,064,387)
Contributions – fines	-	-	-
Net investment income	-	12,569,601	(12,569,601)
Benefit payments, including refunds of employee contributions	(19,112,455)	(19,112,455)	-
Administrative expense	-	-	-
Net changes	5,710,828	1,928,734	3,782,094
Balances at December 31, 2016	\$ 305,105,919	\$ 224,356,261	\$ 80,749,658

For the years ended December 31, 2017 and 2016, the Board recognizes a Pension Expense of \$9,882,526 and \$11,836,322, respectively, in payroll related expense on the statements of revenues, expenses, and changes in net position.

On December 31, 2017 and 2016, the Board reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>December 31, 2017</u>		
Differences between expected and actual experience	\$ 9,279,166	\$ 1,867,968
Net difference between projected and actual earnings on pension plan investments	4,197,497	-
Total	\$ 13,476,663	\$ 1,867,968
<u>December 31, 2016</u>		
Differences between expected and actual experience	\$ -	\$ 2,396,433
Net difference between projected and actual earnings on pension plan investments	16,904,538	-
Total	\$ 16,904,538	\$ 2,396,433

SEWERAGE AND WATER BOARD OF NEW ORLEANS

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

(3) Defined Benefit Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows:

2018	\$	4,578,910
2019		3,630,411
2020		(428,221)
2021		(707,651)
2022		1,185,981
2023		1,185,981
2024		1,081,642
2025		1,081,642
	\$	<u>11,608,695</u>

The Board's Pension Plan Fiduciary Net Position

A separate report on the pension trust fund is not issued.

(4) Property, Plant, and Equipment

The useful lives of property, plant, and equipment consisted of the following:

Power and pumping stations - buildings	57 years
Power and pumping stations - machinery	40 years
Distribution systems	75 years
Sewerage collection	75 years
Canals and subsurface drains	75 to 100 years
Treatment plants	50 years
Connections and meters	50 years
Power transmission	50 years
General plant	12 years
General buildings	25 years

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(4) Property, Plant and Equipment (continued)

Property, plant, and equipment consisted of the following as of December 31:

	2017			
	Beginning Balance	Additions	Deletions/ Reclassifications	Ending Balance
Cost				
Real estate rights, non depreciable	\$ 13,547,277	\$ 86,037	\$ -	\$ 13,633,314
Power and pumping stations - buildings	379,432,414	13,195,653	-	392,628,067
Power and pumping stations - machinery	322,649,434	30,308,171	-	352,957,605
Distribution systems	270,088,600	50,786,128	(2,696,064)	318,178,664
Sewerage collection	519,874,279	99,555,275	(3,230,374)	616,199,180
Canals and subsurface drainage	705,506,297	188,615,575	-	894,121,872
Treatment plants	200,711,986	5,369,713	-	206,081,699
Connections and meters	100,243,678	5,492,216	(274,610)	105,461,284
Power transmission	31,817,948	4,673,275	-	36,491,223
General plant and buildings	284,595,466	28,465,281	(1,162,072)	311,898,675
Total property, plant, and equipment in service	2,828,467,379	426,547,324	(7,363,120)	3,247,651,583
Construction in progress	840,768,438	333,851,213	(426,547,324)	748,072,327
Total property, plant, and equipment	3,669,235,817	760,398,537	(433,910,444)	3,995,723,910
Accumulated Depreciation				
Power and pumping stations - buildings	145,953,194	6,871,703	-	152,824,897
Power and pumping stations - machinery	177,301,655	8,822,816	-	186,124,471
Distribution systems	53,474,103	4,231,776	(2,696,064)	55,009,815
Sewerage collection	61,115,508	8,195,449	(3,230,374)	66,080,583
Canals and subsurface drainage	93,086,279	8,981,052	-	102,067,331
Treatment plants	72,634,745	4,121,634	-	76,756,379
Connections and meters	38,531,995	1,954,716	(274,610)	40,212,101
Power transmission	16,319,111	708,946	-	17,028,057
General plant and buildings	266,127,567	15,561,984	(1,162,072)	280,527,479
Total accumulated depreciation	924,544,157	59,450,076	(7,363,120)	976,631,113
Net property, plant, and equipment	\$ 2,744,691,660	\$ 700,948,461	\$ (426,547,324)	\$ 3,019,092,797

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(4) Property, Plant, and Equipment (continued)

	2016			
	Beginning Balance	Additions	Deletions/ Reclassifications	Ending Balance
Cost				
Real estate rights, non depreciable	\$ 13,930,960	\$ 1,701	\$ (385,384)	\$ 13,547,277
Power and pumping stations - buildings	378,753,917	678,497	-	379,432,414
Power and pumping stations - machinery	317,318,704	5,330,730	-	322,649,434
Distribution systems	252,342,832	20,168,653	(2,422,885)	270,088,600
Sewerage collection	490,556,101	31,031,214	(1,713,036)	519,874,279
Canals and subsurface drainage	622,989,487	82,516,810	-	705,506,297
Treatment plants	200,451,465	260,521	-	200,711,986
Connections and meters	98,488,474	1,779,136	(23,932)	100,243,678
Power transmission	31,409,715	408,233	-	31,817,948
General plant and buildings	282,546,927	2,381,645	(333,106)	284,595,466
Total property, plant, and equipment in service	2,688,788,582	144,557,140	(4,878,343)	2,828,467,379
Construction in progress	715,069,065	270,256,513	(144,557,140)	840,768,438
Total property, plant, and equipment	3,403,857,647	414,813,653	(149,435,483)	3,669,235,817
Accumulated Depreciation				
Power and pumping stations - buildings	139,335,381	6,617,813	-	145,953,194
Power and pumping stations - machinery	169,223,128	8,078,527	-	177,301,655
Distribution systems	52,226,728	3,670,260	(2,422,885)	53,474,103
Sewerage collection	55,812,167	7,016,377	(1,713,036)	61,115,508
Canals and subsurface drainage	85,985,428	7,100,851	-	93,086,279
Treatment plants	68,620,505	4,014,240	-	72,634,745
Connections and meters	36,554,319	2,001,608	(23,932)	38,531,995
Power transmission	15,683,623	635,488	-	16,319,111
General plant and buildings	253,535,163	12,925,510	(333,106)	266,127,567
Total accumulated depreciation	876,976,442	52,060,674	(4,492,959)	924,544,157
Net property, plant, and equipment	\$ 2,526,881,205	\$ 362,752,979	\$ (144,942,524)	\$ 2,744,691,660

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(4) Property, Plant and Equipment (continued)

Interest capitalized was as follows for the years ended December 31:

	2017	2016
Interest income	\$ 3,487,177	\$ 4,097,035
Interest expense	(24,951,780)	(26,369,526)
Net interest capitalized	\$ (21,464,603)	\$ (22,272,491)

(5) Customer Receivables

Customer receivables as of December 31 consist of the following:

		Customer Accounts	Allowance for Doubtful Accounts	Net
2017	Water	\$ 25,764,357	\$ 11,867,730	\$ 13,896,627
	Sewer	26,340,384	8,970,383	17,370,001
		\$ 52,104,741	\$ 20,838,113	\$ 31,266,628
2016	Water	\$ 17,554,149	\$ 4,883,220	\$ 12,670,929
	Sewer	18,182,832	4,458,867	13,723,965
		\$ 35,736,981	\$ 9,342,087	\$ 26,394,894

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(6) Long-Term Obligations

(A) Bonds Payable

Bonds payable consisted of the following as of December 31:

	<u>Principal Balances</u>	
	<u>2017</u>	<u>2016</u>
0.45% sewerage service subordinate revenue bonds, series 2011 (initial average interest cost 0.95%); due in annual principal installments ranging from \$411,000 to \$491,000; final payment due December 1, 2032.	\$ 6,906,000	\$ 7,333,000
2.00% to 4.00% drainage system limited tax bonds, series 2014 (initial average interest cost 1.88%); due in annual principal installments ranging from \$535,000 to \$2,000,000; final payment due December 1, 2022.	9,410,000	11,100,000
2.00% to 5.00% sewerage service revenue bonds (initial average interest cost 3.86%); series 2014, due in annual principal installments ranging from \$1,970,000 to \$12,970,000; final payment due June 1, 2044.	122,365,000	135,335,000
5.00% water revenue bonds, series 2014 (initial average interest cost 4.43%); due in annual principal installments ranging from \$325,000 to \$6,225,000; final payment due December 1, 2044.	100,660,000	103,200,000
4.98% water revenue bonds, series 2015 (initial average interest cost 4.38%); due in annual principal installments ranging from \$325,000 to \$6,225,000; final payment due December 1, 2045.	100,000,000	100,000,000
5.00% sewerage service revenue bonds, series 2015 (initial average interest cost 4.39%); due in annual principal installments ranging from \$325,000 to \$6,225,000; final payment due December 1, 2045.	<u>100,000,000</u>	<u>100,000,000</u>
Plus: bond premiums	439,341,000	456,968,000
Total	<u>479,626,497</u>	<u>499,935,158</u>
Less: current maturities	<u>(17,461,000)</u>	<u>(17,627,000)</u>
Bond payable, long-term	<u>\$ 462,165,497</u>	<u>\$ 482,308,158</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)

(6) Long-Term Obligations (continued)

(A) Bonds Payable (continued)

The changes in long-term debt were as follows:

	2017	2016
Balance, beginning of year	\$ 456,968,000	\$ 471,795,000
Payments	<u>(17,627,000)</u>	<u>(14,827,000)</u>
Balance, end of year	<u>\$ 439,341,000</u>	<u>\$ 456,968,000</u>

The annual requirements to amortize bonds payable as of December 31, 2017, are as follows:

Year	Principal	Interest	Total
2018	\$ 17,461,000	\$ 21,004,668	\$ 38,465,668
2019	16,900,000	20,203,929	37,103,929
2020	17,819,000	19,389,996	37,208,996
2021	17,453,000	18,581,121	36,034,121
2022	16,087,000	17,836,752	33,923,752
2023-2027	51,135,000	81,202,954	132,337,954
2028-2032	59,616,000	68,519,343	128,135,343
2033-2037	75,590,000	52,580,525	128,170,525
2038-2042	96,700,000	31,468,750	128,168,750
2043-2045	<u>70,580,000</u>	<u>6,326,625</u>	<u>76,906,625</u>
	<u>\$ 439,341,000</u>	<u>\$ 337,114,663</u>	<u>\$ 776,455,663</u>

The annual requirements to amortize revenue bonds and tax bonds payable as of December 31, 2017, are as follows:

Year	Revenue Bonds	Tax Bonds	Total
2018	\$ 15,716,000	\$ 1,745,000	\$ 17,461,000
2019	15,085,000	1,815,000	16,900,000
2020	15,924,000	1,895,000	17,819,000
2021	15,498,000	1,955,000	17,453,000
2022	14,087,000	2,000,000	16,087,000
2023-2027	51,135,000	-	51,135,000
2028-2032	59,616,000	-	59,616,000
2033-2037	75,590,000	-	75,590,000
2038-2042	96,700,000	-	96,700,000
2043-2045	<u>70,580,000</u>	<u>-</u>	<u>70,580,000</u>
	<u>\$ 429,931,000</u>	<u>\$ 9,410,000</u>	<u>\$ 439,341,000</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(6) Long-Term Obligations (continued)

(A) Bonds Payable (continued)

The indentures under which these bonds were issued provide for the establishment of restricted funds for debt service as follows:

1. Debt service funds are required for the payment of interest and principal on the revenue and tax bonds. Monthly deposits on revenue bonds, excluding bond anticipation notes, are required to be made into this fund from operations in an amount equal to 1/6 of the interest falling due on the next interest payment date, and an amount equal to 1/12 of the principal falling due on the next principal payment date. All debt service funds are administered by the Board of Liquidation. The required amount to be accumulated in this fund was \$28,198,557 and \$28,810,199 at December 31, 2017 and 2016, respectively; the accumulated balance at December 31, 2017 and 2016 was \$28,198,558 and \$28,810,199 respectively.
2. The water bonds require an amount equal to the largest amount required in any future calendar year to pay the principal of and interest on outstanding bonds. The sewer bonds require an amount equal to 125% of average aggregate debt service. The amounts required to be accumulated in this fund were \$18,407,782 at December 31, 2017 and 2016; the accumulated balance at December 31, 2017 and 2016 was \$18,407,782.

Operating revenues, net of operating expenses, are pledged as security for all revenue bond issues.

(B) Sewerage Service Revenue Bonds, Series 2011

The City entered into an agreement with the Louisiana Department of Environmental Quality (LDEQ) whereby the LDEQ has committed to loan the Board \$9,000,000 to fund sewer main replacements, point repairs, replacement of associated service connections and laterals, sewer line rehabilitation by cured in-place pipe lining and manhole rehabilitation. The loan is to be advanced in incremental amounts as project costs are incurred. The indebtedness to the LDEQ will be evidenced through the Sewerage Service Subordinate Revenue Bonds, Series 2011. Upon issuance of subsequent bonds, the indebtedness was to spring from subordinate to a senior lien status. That conversion took place with the issuance of the Series 2014 bonds. Annual principal payments are due beginning November 1, 2013 continuing through December 1, 2032. Interest on the bonds is incurred at the rate of 0.45%, and the LDEQ administrative fee rate is 0.5%. Interest and administrative fee payments began on May 1, 2012 and are due semi-annually thereafter. As of December 31, 2017 and 2016, \$6,906,000 and \$7,333,000 is included as bonds payable, respectively.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

(6) Long-term Obligations (continued)

(C) Series 2014 Bonds

During 2014, the Board refunded the Series 1997, 1998, 2000, 2000B, 2001, 2002, 2003, 2004, and 2009 Sewerage bonds. The Board issued \$158,990,000 in Series 2014 Sewerage Service Revenue and Refunding Bonds with a final maturity of June 1, 2044. The bond proceeds, less issuance costs, and investments were used to refund the outstanding principle balance of the sewerage bonds in the amount of \$121,870,000. By refunding these bonds, the Board estimated \$20,696,313 in future savings related to future interest and principal payments. The Board estimated an economic gain of approximately \$18,397,306. The cost of issuance of the Series 2014 Sewerage Bonds totaled \$1,345,380, and the deferred loss on refunding was \$4,708,925. Bond proceeds of \$47,300,000 were restricted for capital projects.

During 2014, the Board refunded the Series 1998 and 2002 Water Bonds. The Board issued \$103,525,000 in Series 2014 Water Revenue and Refunding Bonds with a final maturity of December 1, 2044. The bond proceeds, less issuance costs, and investments were used to refund the outstanding principle balance of the Water Bonds in the amount of \$27,655,000. By refunding these bonds, the Board estimated \$1,359,352 in future savings related to future interest and principal payments. The Board estimated an economic gain of approximately \$2,738,262. The cost of issuance of the Series 2014 Water Bonds totaled \$1,040,131 and the deferred loss on refunding was \$34,901. Bond proceeds of \$77,000,000 were restricted for capital projects.

During 2014, the Board refunded the Series 1998 and 2002 Drainage Bonds. The Board issued \$14,900,000 in Series 2014 Drainage Refunding Bonds with a final maturity of December 1, 2022. The bond proceeds, less issuance costs, and investments were used to refund the outstanding principle balance of the Drainage Bonds in the amount of \$16,205,000. By refunding these bonds, the Board estimated \$2,968,676 in future savings related to future interest and principal payments. The Board estimated an economic gain of approximately \$2,846,558. The cost of issuance of the Series 2014 Drainage Refunding Bonds totaled \$263,828, and the deferred loss on refunding was \$347,533.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(6) Long-term Obligations (continued)

(D) Series 2015 Bonds

During 2015, the Board issued \$100,000,000 in Series 2015 Water Revenue Bonds with an original issue premium of \$12,686,122 and a final maturity of December 1, 2045. In addition, the Board issued \$100,000,000 in Series 2015 Sewerage Revenue Bonds with an original issue premium of \$12,826,410 and a final maturity date of December 1, 2045. Proceeds from such bonds were used to finance capital improvements.

(E) Debt Service Assistance

In July 2006, the Board and the State of Louisiana (the State) entered into a Cooperative Endeavor Agreement whereby the State agreed to lend up to \$77,465,247 from State funds on deposit in the Debt Service Assistance Fund, authorized by the Gulf Opportunity Zone Act of 2005 and Act 41 of the First Extraordinary Session of the Louisiana Legislature of 2006, to assist in payment of debt service requirements from 2006 through 2008 due to disruption of tax bases and revenue streams caused by Hurricanes Katrina and Rita. Draw downs on the loan will be made as debt service payments become due. No principal or interest shall be payable during the initial five year period of the loan. After the expiration of the initial five year period, the loan shall bear interest at a fixed rate of 4.64 percent. Principal payments on the bonds began in July 2012, and the loan will mature in July 2026. Interest is payable semi-annually on January 15 and July 15 beginning January 2012. The loan may be prepaid without penalty or premium.

As of December 31, 2017, debt service requirements relating to the bonds are as follows:

<u>Years Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 4,842,337	\$ 2,440,826	\$ 7,283,163
2019	5,066,514	2,216,164	7,282,678
2020	5,301,601	1,981,077	7,282,678
2021	5,547,595	1,735,083	7,282,678
2022	5,805,003	1,477,675	7,282,678
2023-2026	26,040,059	3,089,273	29,129,332
	<u>\$ 52,603,109</u>	<u>\$ 12,940,098</u>	<u>\$ 65,543,207</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(6) Long-term Obligations (continued)

(F) Southeast Louisiana Project

In 2010, the Coastal Protection and Restoration Authority of Louisiana entered into agreements (SELA PPA and SELA DPA) with the Department of the Army for the Southeast Louisiana, Louisiana Project in Jefferson and Orleans Parishes (the Project). The purpose of the Project is to provide flood damage reduction and interior drainage for Orleans and Jefferson Parishes in southeast Louisiana. The agreements set forth the obligations of the federal government and non-federal sponsors, including the Board, regarding the construction and the operation, maintenance, repair, rehabilitation, and replacement of the Project. For the projects, the federal government is responsible for 65% of the project costs and the non-federal sponsors are responsible for the remaining 35%. Under the agreement, the Department of the Army, subject to the availability of funds appropriated by the Congress of the United States, shall design and construct specified work at 100% federal expense. The Board will be allowed to defer payment of its required non-federal contribution of funds of 35% and to pay said contribution of funds with interest over a period of not more than 30 years from the date of completion of the project or separable element of the project. The interest rate to be used in computing the interest shall be determined by the Secretary of the Treasury, taking into consideration average market yields on outstanding marketable obligations of the United States with remaining periods of maturity comparable to the payment period during the month preceding the Government fiscal year in which the first federal construction contract for such separable element is awarded to the SELA PPA, plus a premium of one-eighth of one percentage point for transaction costs. The amount due, including accrued interest, as of December 31, 2017 and 2016 is \$201,926,585 and \$163,995,508, respectively. Total amount due is expected to increase through October 2021, estimated project completion date.

At December 31, 2017, the Board is responsible for 35% of construction costs incurred for the Project that consists of 16 contracts, grouped in 5 basins. Expected project completion date, payment start date, as well as interest rate for each basin are as follows:

<u>Basin</u>	<u>Expected Completion Date</u>	<u>Payment Start Date</u>	<u>Interest Rate</u>
OP-2	October 2021	February 2022	3.000%
OP-3	April 2019	August 2019	4.375%
OP-4	August 2020	August 2020	4.375%
OP-5	March 2020	April 2020	3.000%
OP-6	March 2020	April 2020	3.500%

During 2012 through 2017, the Board accrued approximately \$17.6 million of interest on construction costs incurred to date. Final amount due for each basin will be determined by the Department of Army upon project completion.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(6) Long-term Obligations (continued)

(F) Southeast Louisiana Project (continued)

As of December 31, 2017, projected debt service requirements relating to the total amount due are as follows:

<u>Years Ending December 31</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ -	\$ -
2019	(189,044)	1,178,236	989,192
2020	(1,483,327)	6,099,521	4,616,194
2021	1,664,751	2,951,443	4,616,194
2022	(7,189,489)	19,051,438	11,861,949
2023 - 2027	26,206,766	33,102,978	59,309,744
2028 - 2032	30,480,933	28,828,811	59,309,744
2033 - 2037	35,488,512	23,821,232	59,309,744
2038 - 2042	41,357,887	17,951,857	59,309,744
2043 - 2047	48,240,469	11,069,275	59,309,744
2048 - 2050	27,349,127	2,009,909	29,359,036
	<u>\$ 201,926,585</u>	<u>\$ 146,064,700</u>	<u>\$ 347,991,285</u>

**Note: Future payments are first applied toward interest accrued to-date since inception, resulting negative principal payments in year 2019, 2020, and 2022.*

(7) Due to City of New Orleans

The Board bills and collects sanitation charges on behalf of the City of New Orleans (the City). The Board is not liable for any uncollected sanitation charges.

Additionally, amounts included in accounts payable due to the City for works performed by the Department of Public Works on behalf of the Board, were \$706,646 and \$2,435,653 at December 31, 2017 and 2016, respectively.

(8) Property Taxes

Property taxes are levied by the City of New Orleans. Taxes on real and personal property attach as an enforceable lien on the property as of January 1. Taxes are levied on January 1, payable on January 1, and delinquent on February 1.

The assessed value of the property is determined by an elected Assessor. The assessed value for 2017 and 2016 was \$3,789,022,670 and \$3,653,953,630, respectively. The combined tax rate dedicated for the Board for the years ended December 31, 2017 and 2016 was \$16.43 per \$1,000 of assessed valuation. These dedicated funds are available for operations, maintenance, construction, and extension of the drainage system (except for subsurface systems).

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(9) Commitments

(A) Capital Improvements

At December 31, 2017, the Board's budget for its ten year capital improvements program totaled \$3,162,659,000 including \$774,847,000 for water, \$497,656,000 for sewerage, \$832,002,000 for drainage, and \$1,058,154,000 for a combination of water, sewerage, and drainage.

Due to certain regulatory and legislative changes, additional capital improvements will probably be required. Future capital improvement program expenditures may require the issuance of additional debt depending on the amount and timing of expenditures. As of December 31, 2017, the Board has committed or appropriated \$47,702,481 in investments for use in future capital projects and has \$67,807,354 of cash and cash equivalents restricted for future capital projects.

The capital improvements budget for 2018 is \$346,480,000, including \$109,920,000 for projects, which are expected to be funded by federal grants and programs. Significant projects included in property, plant and equipment in progress as of December 31, 2017 include the following:

Hurricane Katrina related Repairs and Replacements
Southeast Louisiana Flood Control Program
Sewer System Evaluation and Rehabilitation Program (SSERP)
Eastbank Sewer Treatment Plant
Westbank Sewer Treatment Plant
Supervisory Control and Data Acquisition (SCADA)
Hazard Mitigation Grant Program

(B) Self-insurance

The Board is self-insured for general liability, workers' compensation, and hospitalization benefits and claims. Settled claims have not exceeded excess coverage in any of the past three fiscal years. Hospitalization benefits are charged to payroll related expense.

General liability claims are segregated internally by "claims" and "suits" depending on the scope and type of claim and are handled by the Office of the Special Counsel and Administrative Services. Individual general liability losses have ranged from \$100 to \$7,500,000, illustrating the volatility of this exposure. The claims expense provision for 2017 and 2016 amounted to \$41,847,195 and \$4,417,197, respectively.

Worker's compensation expense provision for 2017 and 2016 amounted to \$3,111,359 and \$2,959,527, respectively.

The medical claims for our self-insured health plan are administered by "The Health Plan," our third party administrator. The Board's expense provision in excess of employee contributions for 2017 and 2016 was \$19,160,641 and \$22,055,034, respectively, and is included in payroll related expenses.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(9) Commitments (continued)

(B) Self-insurance (continued)

Changes in the claims payable amount are as follows (health payments are reflected net):

	2017	2016
Beginning of Year	\$ 17,204,771	\$ 13,172,580
Current Year Claims and Estimate Change	64,029,192	29,126,683
Claim Payments	(22,073,568)	(25,094,492)
End of Year	\$ <u>59,160,395</u>	\$ <u>17,204,771</u>

The composition of claims payable is as follows:

	2017	2016
Short-term:		
Workers' compensation	\$ 1,859,956	\$ 1,550,692
Health insurance	2,197,500	2,107,501
Total short-term	<u>4,057,456</u>	<u>3,658,193</u>
Long-term:		
Workers' compensation	1,236,344	1,465,743
General liability	53,866,595	12,080,835
Total long-term	<u>55,102,939</u>	<u>13,546,578</u>
Total	\$ <u>59,160,395</u>	\$ <u>17,204,771</u>

(C) Regulatory Matters

The Sewer System Evaluation and Rehabilitation Program (SSERP) was initially estimated to cost the Board \$408.2 million by the original Consent Decree with an end date of 2015. However, the Board has negotiated, and continues to negotiate with U.S. Environmental Protection Agency (EPA), extensions beyond the original Consent Decree deadline. Consequently, the original Consent Decree has been modified to currently provide an end date of October 2025.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(9) Commitments (continued)

(C) Regulatory Matters (continued)

The Board participates in a number of federal programs which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Board has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of December 31, 2017 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Board.

(D) Post-employment Healthcare Benefits

Plan Description – The Board's post-employment benefit plan is a single-employer defined benefit plan. The Board's post-employment medical benefits for retirees are provided through a self-insured medical plan and are made available to employees upon actual retirement.

The retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 62 and 10 years of service; age 65 and 5 years of service; age 70 regardless of service; or, if age plus service equals at least 80. Complete plan provisions are contained in the official plan documents. Currently, the Board provides post-employment medical benefits to 668 retired employees.

Contribution Rates - Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy - Until 2007, the Board recognized the cost of providing post-employment medical benefits (the Board's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, the Board's portion of health care funding cost for retired employees totaled \$6,489,205 and \$6,301,229 respectively.

Effective January 1, 2007, the Board implemented Governmental Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following tables.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(9) Commitments (continued)

(D) Post-employment Healthcare Benefits (continued)

Annual Required Contribution - The Board's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2017	2016
Normal cost	\$ 2,835,737	\$ 4,057,594
30-year UAL amortization amount	7,770,475	9,449,908
Annual required contribution (ARC)	\$ 10,606,212	\$ 13,507,502

Net Post-employment Benefit Obligation - The table below shows the Board's Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending December 31:

	2017	2016
Beginning Net OPEB Obligation	\$ 73,580,341	\$ 67,579,016
Annual required contribution	10,606,212	13,507,502
Interest on net OPEB obligation	2,943,214	2,703,161
ARC adjustment	(4,255,167)	(3,908,109)
OPEB cost	9,294,259	12,302,554
Contribution	-	-
Current year retiree premium	(6,489,205)	(6,301,229)
Change in net OPEB obligation	2,805,054	6,001,325
Ending net OPEB obligation	\$ 76,385,395	\$ 73,580,341

The following table shows the Board's annual other post-employment benefits cost, percentage of the cost contributed, and the net unfunded post-employment benefits liability:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
December 31, 2017	\$ 9,294,259	69.82%	\$ 76,385,395
December 31, 2016	\$ 12,302,554	51.22%	\$ 73,580,341
December 31, 2015	\$ 12,973,362	50.90%	\$ 67,579,016

Funded Status and Funding Progress - In 2017 and 2016, the Board made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2017 actuarial valuation, the most recent actuarial valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2017 was \$134,367,027 which is defined as that portion, as determined by a particular actuarial cost method (the Board uses the Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(9) Commitments (continued)

(D) Post-employment Healthcare Benefits (continued)

The required schedule of funding progress following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additional information for the actuarial valuation is as follows:

	<u>2017</u>	<u>2016</u>
Actuarial Accrued Liability (AAL)	\$ 134,367,027	\$ 163,407,162
Actuarial Value of Plan Assets (AVP)	<u>-</u>	<u>-</u>
Unfunded Act. Accrued Liability (UAAL)	\$ 134,367,027	\$ 163,407,162
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$ 38,146,199	\$ 37,607,035
UAAL as a percentage of covered payroll	352.24%	434.51%

Actuarial Methods and Assumptions - Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate, (2) retirement rate, (3) health care cost trend rate, (4) mortality rate, (5) discount rate (investment return assumption), and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Board and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Board and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Board and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method - The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets - Since the OPEB obligation has not as yet been funded, there are not any plan assets. It is anticipated that in future valuations, should funding take place, plan assets will be valued using a smoothed market value method consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(9) Commitments (continued)

(D) Post-employment Healthcare Benefits (continued)

Turnover Rate - An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 8%. In addition to age related turnover, it has additionally been assumed that 10% of future eligible retirees will decline coverage upon retirement.

Post-employment Benefit Plan Eligibility Requirements - It is assumed that entitlement to benefits will commence five years after earliest eligibility for retirement (D.R.O.P. entry). The five years is to accommodate the anticipated period of the D.R.O.P. Also, if the initial eligibility for D.R.O.P. entry is prior to age 55, an additional one-year delay has been assumed, and it has been assumed that members eligible for the "Rule of 80" retirement formula delay three years beyond that earliest retirement date. Medical benefits are provided to employees upon actual retirement. The retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 62 and 10 years of service; age 65 and five years of service; age 70 regardless of service; or, if age plus service equals at least 80. Entitlement to benefits continues through Medicare to death.

Investment Return Assumption (Discount Rate) - GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate - The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

Method of Determining the Value of Benefits - The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The current premium schedules for active and retired are "unblended" rates, as required by GASB 45.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(9) Commitments (continued)

(D) Post-employment Healthcare Benefits (continued)

Post-retirement Benefit Increases – The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

(10) Deferred Compensation Plan

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property, and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the employees, therefore the assets of the plan are not included in these financial statements.

(11) Budgets

Operating and capital expenditure budgets are adopted by the Board on a basis consistent with accounting principles generally accepted in the United States. While not legally required, this budgetary information is employed as a management control device during the year. Comparison between actual and budgeted expenses is not a required presentation for an Enterprise Fund.

(12) Tax Abatement Agreement

The local government is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the “State Board”), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Restoration Tax Abatement Program (“RTAP”). For the year ending December 31, 2017, the government participated in the Restoration Tax Abatement Program.

Under the RTAP, as authorized by Article 7, Section 21(H) of the Louisiana Constitution and Louisiana Revised Statutes 47:4311, companies that expand, restore, improve or develop an existing structure or structures in a downtown, historic, or economic development district can apply to the State Board and the local governing authority for a property tax exemption. The exemptions are granted for a 5 year term and are renewable for an additional 5 year term upon the approval of the State Board and the local governing authority. The property tax abatements have resulted in reductions of property taxes, which the tax assessor administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement.

During 2017, the City Council of the City of New Orleans approved tax abatement projects with a total investment value of \$8,534,052 of which \$646,123 was for the Board.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(13) Segment Information

The Board issued revenue bonds to finance its water and sewerage departments which operate the Board's water and sewerage treatment plants and distribution and collection systems. These bonds are accounted for in a single fund; however, investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment.

Summary financial information for these departments as of and for the years ended December 31 is as follows:

	<u>Condensed Statements of Net Position</u>			
	<u>Water</u>		<u>Sewer</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(amounts in thousands)			
Assets:				
Current unrestricted assets	\$ 63,814	\$ 62,996	\$ 113,547	\$ 114,193
Restricted assets	72,808	119,807	38,431	92,317
Other assets	12,263	11,796	18	18
Property, plant and equipment	551,884	470,490	1,045,224	980,279
Total assets	700,769	665,089	1,197,220	1,186,807
Deferred outflows of resources:	4,512	5,659	7,548	8,977
Total assets and deferred outflows	\$ 705,281	\$ 670,748	\$ 1,204,768	\$ 1,195,784
Liabilities:				
Current	\$ 54,049	\$ 31,061	\$ 41,352	\$ 31,144
Current liabilities payable from restricted assets	4,725	3,247	16,031	15,675
Noncurrent liabilities	295,690	298,531	339,906	356,065
Total liabilities	354,464	332,839	397,289	402,884
Deferred inflows of resources:	623	799	623	799
Net position:				
Net investment in capital assets	388,635	350,742	801,654	775,028
Restricted	16,808	119,087	29,730	30,394
Unrestricted	(55,249)	(132,719)	(24,528)	(13,321)
Total net position	350,194	337,110	806,856	792,101
Total liabilities, deferred inflows, and net position	\$ 705,281	\$ 670,748	\$ 1,204,768	\$ 1,195,784

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(13) Segment Information (continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position

	Water		Sewer	
	2017	2016	2017	2016
	(amounts in thousands)			
Service charges, pledged				
against bonds	\$ 92,469	\$ 85,986	\$ 111,883	\$ 105,620
Depreciation expense	(12,217)	(10,178)	(23,620)	(20,862)
Other operating expenses	(88,030)	(79,300)	(71,440)	(61,504)
Operating income (loss)	(7,778)	(3,492)	16,823	23,254
Nonoperating revenues (expenses):				
Investment earnings	1,924	2,105	2,109	2,309
Bond issuance costs	-	-	-	-
Other	(3,455)	275	(4,857)	312
Interest expense	(1,661)	-	(1,732)	-
Total nonoperating revenues (expenses)	(3,192)	2,380	(4,480)	2,621
Capital contributions	24,054	19,430	2,412	3,106
Change in net position	13,084	18,318	14,755	28,981
Beginning net position	337,110	318,792	792,101	763,120
Ending net position	\$ 350,194	\$ 337,110	\$ 806,856	\$ 792,101

Condensed Statements of Cash Flows

	Water		Sewer	
	2017	2016	2017	2016
	(amounts in thousands)			
Net cash provided by (used in):				
Operating activities	\$ 25,093	\$ 19,009	\$ 26,142	\$ 38,310
Noncapital financing activities	265	276	329	313
Capital and related financing activities	(83,441)	(44,284)	(92,333)	(64,358)
Investing activities	2,524	2,957	2,314	2,757
Net increase	(55,559)	(22,042)	(63,548)	(22,978)
Cash and cash equivalents:				
Beginning of year	152,333	174,375	154,827	177,805
End of year	\$ 96,774	\$ 152,333	\$ 91,279	\$ 154,827

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(14) Natural Disaster

During the years ended, December 31, 2017 and 2016, the Board has cumulatively received approximately \$367.0 million and \$361.1 million, respectively, of cash reimbursements from the Federal Emergency Management Agency (FEMA). Included in accounts receivable as of December 31, 2017 and 2016 are \$5,925,340 and \$11,098,232, respectively, of reimbursements due from FEMA under the Disaster Grants program. Eligible FEMA grants totaling in excess of \$812.3 million are in various stages of the approval process and include amounts for system repairs, building repairs, vehicle and equipment repairs, and replacements, temporary power, supplies and other costs.

On June 29, 2007, the Board entered into a Cooperative Endeavor Agreement with the State of Louisiana, City of New Orleans, Louisiana, and the Louisiana Public Facilities Authority (LPFA). The LPFA agreed to issue its bonds to provide the cash capital investment to pay for capital improvements of the City of New Orleans and the Board. The establishment of the construction fund permits the Board and City of New Orleans to publicly bid contracts that are subject to a Project Worksheet that has been obligated by FEMA or for which an award letter has been received and encumber such amounts. The State of Louisiana, City of New Orleans, and Sewerage and Water Board agree that as FEMA pays any reimbursement amounts related to projects for which disbursements have been made, or the City or the Sewerage and Water Board receives monies related to the hazard mitigation grant program for which disbursements have been made from the construction fund; the full amount of such projects shall be deposited in the construction fund and used to fund additional projects until all City of New Orleans and Sewerage and Water Board improvements are completed. The total amount made available to the Board under the agreement was \$100,000,000. The agreement also permits disbursements from the construction fund for projects with a Project Worksheet that have not been obligated by FEMA, and as a result, will not be reimbursed by FEMA. The Board is not required to reimburse the construction fund for these unobligated projects. At December 31, 2017 and 2016, the Board had an outstanding obligation under the agreement of \$13,241,146 and \$11,098,232 included as a liability in due to other governments on the statements of net position, which represent amounts not yet reimbursed by FEMA for obligated projects and deposited back into the construction fund.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(15) New Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The statements result from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter period equity, and creating additional transparency. Statement number 75 replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for OPEB plans and is explained in more detail in Note 22 of these financial statements. This new guidance is effective for fiscal years beginning after June 15, 2017. Therefore, the Board will adopt this guidance for 2018. The adoption of this statement is expected to require the Board to restate its net position.

GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Therefore, if applicable, the Board will implement this guidance in 2019.

GASB Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Therefore, as applicable, the Board will implement this guidance in 2018.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS (Continued)

(15) New Pronouncements (continued)

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This is a significant change in accounting principles and may impact the net position of the Board. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Therefore, as applicable, the Board will implement this guidance in 2020.

GASB Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*. The Statement objectives include (1) enhancing the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) simplifying accounting for interest costs incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Board will implement this guidance in 2020.

(16) Current Operating Environment

The Board's Drainage System experienced a significant increase in expenditures in 2017 and into 2018 as a result of significant flooding in the New Orleans area in 2017 and the increase in the estimate for general liability claims which has negatively impacted the Drainage System's liquidity. The Sewerage System has made advances to the Drainage System to pay for expenditures of the Drainage System. The Board is considering ways to increase revenues for the Drainage System including additional tax revenues, increased drainage fees, applying for new government grants, and the apportionment of revenues from the Sewerage and Water Systems to the Drainage System. These new sources of revenue are intended to increase revenues to a level that will cover expenditures and begin to allow the repayment of advances from the Sewerage System to the Drainage System. However, if these revenue levels are not achieved, the Board will further deplete its cash and investment levels. The Board's management and Board of Directors are working to review and secure more consistent revenue sources for drainage operations.

(17) Examination by Federal Agency

During 2017, the Board was notified by the Office for Inspector General (the OIG) of the U.S. Department of Homeland Security that the OIG would be conducting an audit of FEMA Public Assistance Grant Funds awarded to the Board for the period from August 29, 2005 to September 30, 2017. The objective of the audit is to determine whether the Board accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines. As of November 30, 2018, the audit is listed as an on-going project by the OIG, and results of this audit have not being finalized or communicated to the Board.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

(Continued)

(18) Revenue Bonds Debt Service Coverage (Unaudited)

The General Bond Resolutions governing the Series 2014 Bonds and the Series 2015 Bonds have certain covenant requirements regarding net revenue available for debt service. The net revenue available for debt service in the Board's debt service coverage calculations presented in Section III, Statistical Information (Unaudited) is increased by a portion of the provision for doubtful accounts in the amount of \$7,562,476 related to its water bonds and \$4,123,972 related to its sewer bonds. These amounts are opined to be extraordinary, non-recurring and non-continuing expenses by a Qualified Independent Consultant (QIC) as provided for in the General Bond Resolutions. The Board is in compliance with these particular covenants after consideration of the above, as provided for in the General Bond Resolutions. The definition of extraordinary used by the QIC varies from that used in the preparation of financial statements under generally accepted accounting principles. It should be noted that Revenues and Operating Expenses as reported in the schedules in section III are consistent with the terms of the General Bond Resolutions and may differ from the amounts reported in the financial statements.

(19) Subsequent Event

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 30, 2018, and determined that the following item requiring disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

In February 2018, the Board entered into a cooperative endeavor agreement with Southeast Louisiana Flood Protection Authority – East (the Authority) and Coastal Protection and Restoration Flood Protection Authority of Louisiana Board (the Authority Board) to operate, maintain, repair, rehabilitate and replace of the permanent canal closures and pump stations located at the Orleans, London and 17th Street Outfall Canals (PCCPs).

Under the agreement, the Board is to provide 50% of future costs of operation, maintenance, repair, rehabilitation and replacement of PCCPs. Annual costs are currently estimated to be \$4 million dollars, which does not include anticipated inflation, emergency operations or other factors that may increase the costs in the future. In March 2018, the Board made an initial payment of \$2,500,000 to the Authority.

Of the \$2,500,000 initial payment, the Authority will hold \$500,000 in a reserve account created and maintained by the Authority to cover any costs incurred as a result of an emergency, storm or other event not anticipated in the annual costs. The remaining balance of \$2,000,000 will satisfy the Board's share of the anticipated \$4 million dollars. If actual costs exceed the \$4 million anticipated costs, the Board will remit payment of its 50% share of those costs.

**REQUIRED SUPPLEMENTARY INFORMATION
(GASB STATEMENTS NO. 67, NO. 68, NO 71, AND NO. 45)**

SEWERAGE AND WATER BOARD OF NEW ORLEANS
Required Supplementary Information Under GASB Statement No. 67, 68, and 71
For the years ended December 31, 2017 and 2016

SCHEDULE OF NET PENSION LIABILITY

Actuarial Valuation Date December 31	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability	Plan Fiduciary Net Position as a % of Total Pension Liability	Covered Payroll (millions)	Net Pension Liability as a Percentage of Payroll
2017	\$ 318,218,035	\$ 235,284,317	\$ 82,933,718	73.94%	\$ 41,822,648	198.30%
2016	305,105,919	224,356,261	80,749,658	73.53%	35,363,156	228.34%
2015	299,395,091	222,427,527	76,967,564	74.29%	33,672,902	228.57%
2014	296,244,723	236,556,671	59,688,052	79.85%	31,378,001	190.22%
2013	290,919,481	234,358,565	56,560,916	80.56%	29,706,715	190.40%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll Contribution	Contributions as a % of Covered Payroll
2017	\$ 10,545,867	\$ 7,239,467	\$ 3,306,400	\$ 41,822,648	17.31%
2016	11,024,398	6,407,201	4,617,197	35,363,156	18.12%
2015	10,799,993	6,506,652	4,293,341	33,672,902	19.32%
2014	11,171,823	6,055,890	5,115,933	31,378,001	19.30%
2013	11,086,546	5,946,614	5,139,932	29,706,715	20.02%
2012	9,127,658	6,287,658	2,840,000	29,074,529	21.63%
2011	9,815,606	5,564,936	4,250,670	29,774,937	18.69%
2010	8,358,739	5,140,096	3,218,643	29,670,378	17.32%
2009	7,591,495	5,188,175	2,403,320	39,947,906	12.99%
2008	7,146,527	5,104,789	2,041,738	29,466,571	17.32%

Note to schedule: Method and assumptions used in calculations of actuarially determined contributions . The actuarially determined contribution rates in the schedule of employer contributions are calculated as of December 31, 2017 and 2016. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	10 years
Asset valuation method	7-year weighted market average
Inflation	2.0% for the years ended December 31, 2017 and 2016
Salary increases	5.0%, average, including inflation
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

SCHEDULE OF INVESTMENT RETURNS

Year Ended	Net Money-Weighted Rate of Return
2017	10.52%
2016	5.42%
2015	-1.79%
2014	4.94%

(Continued)

SEWERAGE AND WATER BOARD OF NEW ORLEANS
Required Supplementary Information Under GASB Statement No. 67, 68, and 71
For the years ended December 31, 2017 and 2016
(continued)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 3,797,316	\$ 3,030,912	\$ 2,788,621	\$ 3,417,599
Interest on total pension liability	21,357,414	20,957,657	20,737,131	20,364,364
Effect of plan changes	-	-	-	-
Effect of economic/demographic gains or (losses)	9,734,775	834,712	(1,978,038)	(1,721,210)
Effect of assumption changes or inputs	-	-	-	-
Benefit payments	(21,777,389)	(19,112,455)	(18,397,344)	(16,735,511)
Net change in total pension liability	13,112,116	5,710,826	3,150,370	5,325,242
Total pension liability, beginning	305,105,919	299,395,093	296,244,723	290,919,481
Total pension liability, ending (a)	318,218,035	305,105,919	299,395,093	296,244,723
Plan Fiduciary Net Position				
Employer contributions	7,239,467	6,407,201	6,506,652	6,055,890
Employee contributions	2,139,705	2,063,122	1,847,259	1,535,723
Investment income net of investment expenses	23,326,273	12,570,866	(4,085,711)	11,342,004
Benefit payments	(21,777,389)	(19,112,455)	(18,397,344)	(16,735,511)
Administrative expenses	-	-	-	-
Net change in plan fiduciary net position	10,928,056	1,928,734	(14,129,144)	2,198,106
Plan fiduciary net position, beginning	224,356,261	222,427,527	236,556,671	234,358,565
Plan fiduciary net position, ending (b)	\$ 235,284,317	\$ 224,356,261	\$ 222,427,527	\$ 236,556,671
Board's net pension liability, ending = (a) - (b)	\$ 82,933,718	\$ 80,749,658	\$ 76,967,566	\$ 59,688,052
Plan fiduciary net position as a % of total pension liability	73.94%	73.53%	74.29%	79.85%
Covered payroll	\$ 41,822,648	\$ 35,363,156	\$ 33,672,902	\$ 31,378,001
Board's net pension liability as a % of covered payroll	198.30%	228.34%	228.57%	190.22%

Notes to Schedules: The schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Factors that significantly affect trends in amounts reported . For the periods presented, there were no changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or changes of assumptions which significantly affect trends in the amounts reported.

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
Required Supplementary Information Under GASB Statement No. 45
SCHEDULE OF FUNDING PROGRESS
Last Eight Years

Actuarial Valuation Date December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Overfunded) Unfunded AAL	Funded Ratio	Covered Payroll (millions)	Unfunded AAL as a Percentage of payroll
2017	\$ -	\$ 134,367,027	\$ 134,367,027	0.00%	38.15	352.21%
2016	-	163,407,162	163,407,162	0.00%	37.61	434.48%
2015	-	168,111,644	168,111,644	0.00%	33.67	499.29%
2014	-	174,861,486	174,861,486	0.00%	36.10	484.38%
2013	-	172,246,761	172,246,761	0.00%	35.44	486.02%
2012	-	176,321,034	176,321,034	0.00%	35.11	502.25%
2011	-	178,681,549	178,681,549	0.00%	35.08	509.33%
2010	-	178,904,131	178,904,131	0.00%	34.74	514.92%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contribution
2017	\$ 10,606,212	\$ 6,489,205	61.18%
2016	13,507,502	6,301,229	46.65%
2015	14,064,726	6,603,088	46.95%
2014	14,474,798	7,067,777	48.83%
2013	14,206,678	6,643,309	46.76%
2012	14,430,043	6,070,360	42.07%
2011	14,659,445	6,057,637	41.32%
2010	14,759,470	5,728,065	38.81%

See accompanying notes to financial statements

SUPPLEMENTARY INFORMATION

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF NET POSITION BY DEPARTMENT
ENTERPRISE FUND
As of December 31, 2017 and 2016

	Water System		Sewerage System		Drainage System		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
ASSETS AND DEFERED OUTFLOWS OF RESOURCES								
Current assets:								
Cash and cash equivalents	\$ 17,561,011	\$ 26,587,377	\$ 52,905,301	\$ 62,566,601	\$ 11,271,806	\$ 23,911,908	\$ 81,738,118	\$ 113,065,886
Accounts receivable:								
Customers, net of allowance	13,896,627	12,670,929	17,370,001	13,723,965	-	-	31,266,628	26,394,894
Taxes	-	-	-	-	9,652,824	9,863,262	9,652,824	9,863,262
Interest							-	-
Grants	40,629,167	30,922,836	13,761,561	24,082,550	9,924,583	8,573,100	64,315,311	63,578,486
Miscellaneous	330,674	460,706	270,312	238,704	1,443,778	1,004,167	2,044,764	1,703,577
Due from (to) other internal departments	(11,573,807)	(11,228,350)	27,544,854	12,284,673	(15,971,047)	(1,056,323)	-	-
Inventory of supplies	2,530,089	3,196,552	1,410,080	1,065,180	1,039,912	494,463	4,980,081	4,756,195
Prepaid expenses	439,885	386,282	285,303	231,700	233,048	(172)	958,236	617,810
Total current assets	63,813,646	62,996,332	113,547,412	114,193,373	17,594,904	42,790,405	194,955,962	219,980,110
Noncurrent assets:								
Restricted cash, cash equivalents, and investments								
Cash and cash equivalents restricted for capital projects	55,238,711	102,336,574	7,974,833	61,225,105	4,593,810	6,874,422	67,807,354	170,436,101
Health insurance reserve	761,271	719,890	725,716	697,842	710,513	689,769	2,197,500	2,107,501
Debt service reserve	16,808,027	16,750,155	29,730,016	30,393,522	68,297	74,304	46,606,340	47,217,981
Total restricted cash, cash equivalents, and investments	<u>72,808,009</u>	<u>119,806,619</u>	<u>38,430,565</u>	<u>92,316,469</u>	<u>5,372,620</u>	<u>7,638,495</u>	<u>116,611,194</u>	<u>219,761,583</u>
Property, plant and equipment	898,188,980	808,301,167	1,329,691,358	1,244,624,751	1,767,843,572	1,616,309,899	3,995,723,910	3,669,235,817
Less: accumulated depreciation	346,304,583	337,811,191	284,467,313	264,345,441	345,859,217	322,387,525	976,631,113	924,544,157
Property, plant, and equipment, net	<u>551,884,397</u>	<u>470,489,976</u>	<u>1,045,224,045</u>	<u>980,279,310</u>	<u>1,421,984,355</u>	<u>1,293,922,374</u>	<u>3,019,092,797</u>	<u>2,744,691,660</u>
Other assets								
Funds from/for customer deposits	12,239,765	11,773,473	-	-	-	-	12,239,765	11,773,473
Deposits	22,950	22,950	17,965	17,965	10,400	10,400	51,315	51,315
Total other assets	<u>12,262,715</u>	<u>11,796,423</u>	<u>17,965</u>	<u>17,965</u>	<u>10,400</u>	<u>10,400</u>	<u>12,291,080</u>	<u>11,824,788</u>
Total noncurrent assets	636,955,121	602,093,018	1,083,672,575	1,072,613,744	1,427,367,375	1,301,571,269	3,147,995,071	2,976,278,031
Total assets	700,768,767	665,089,350	1,197,219,987	1,186,807,117	1,444,962,279	1,344,361,674	3,342,951,033	3,196,258,141
Deferred outflows of resources:								
Deferred amounts related to net pension liability	4,492,221	5,634,846	4,492,221	5,634,846	4,492,221	5,634,846	13,476,663	16,904,538
Deferred loss on bond refunding	19,611	23,973	3,055,391	3,342,312	182,508	236,032	3,257,510	3,602,317
Total deferred outflows of resources	<u>4,511,832</u>	<u>5,658,819</u>	<u>7,547,612</u>	<u>8,977,158</u>	<u>4,674,729</u>	<u>5,870,878</u>	<u>16,734,173</u>	<u>20,506,855</u>
Total assets and deferred outflows of resources	\$ 705,280,599	\$ 670,748,169	\$ 1,204,767,599	\$ 1,195,784,275	\$ 1,449,637,008	\$ 1,350,232,552	\$ 3,359,685,206	\$ 3,216,764,996

(Continued)

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF NET POSITION BY DEPARTMENT, CONTINUED
ENTERPRISE FUND
As of December 31, 2017 and 2016

	Water System		Sewerage System		Drainage System		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND NET POSITION								
Current liabilities (payable from current assets):								
Accounts payable	\$ 33,173,919	\$ 13,500,638	\$ 25,934,140	\$ 15,978,725	\$ 25,566,215	\$ 10,539,722	\$ 84,674,274	\$ 40,019,085
Due to City of New Orleans	556,149	394,882	-	-	-	-	556,149	394,882
Disaster Reimbursement Revolving Loan	8,347,355	5,732,171	4,248,077	4,644,925	645,714	721,136	13,241,146	11,098,232
Retainers and estimates payable	6,078,810	4,793,969	3,390,277	3,139,698	1,852,006	1,659,744	11,321,093	9,593,411
Due to other fund	97,513	73,244	45,701	34,309	56,527	42,659	199,741	150,212
Accrued salaries	553,775	453,745	243,296	175,077	324,364	212,039	1,121,435	840,861
Claims payable	1,381,256	1,236,787	1,345,701	1,214,739	1,330,499	1,206,667	4,057,456	3,658,193
Debt Service Assistance Fund loan payable	425,599	406,727	4,145,594	3,961,768	271,144	259,121	4,842,337	4,627,616
Advances from federal government	3,343,457	4,393,604	1,976,305	1,976,305	-	-	5,319,762	6,369,909
Other liabilities	91,765	75,533	23,567	18,367	2,880	12,488	118,212	106,388
Total Current liabilities (payable from current assets):	54,049,598	31,061,300	41,352,658	31,143,913	30,049,349	14,653,576	125,451,605	76,858,789
Current liabilities (payable from restricted assets):								
Accrued interest	929,454	536,974	1,881,177	1,603,135	86,253	95,989	2,896,884	2,236,098
Bonds payable	3,360,000	2,540,000	12,356,000	13,397,000	1,745,000	1,690,000	17,461,000	17,627,000
Retainers and estimates payable	435,053	170,109	1,793,336	675,299	-	-	2,228,389	845,408
Total current liabilities (payable from restricted assets):	4,724,507	3,247,083	16,030,513	15,675,434	1,831,253	1,785,989	22,586,273	20,708,506
Total current liabilities	58,774,105	34,308,383	57,383,171	46,819,347	31,880,602	16,439,565	148,037,878	97,567,295
Long-term liabilities:								
Claims payable	5,375,837	4,200,050	4,202,857	3,982,570	45,524,245	5,363,958	55,102,939	13,546,578
Accrued vacation and sick pay	3,202,218	4,506,100	3,053,065	3,059,661	1,744,841	2,256,734	8,000,124	9,822,495
Net pension liability	27,644,573	26,916,553	27,644,573	26,916,553	27,644,572	26,916,552	82,933,718	80,749,658
Other postretirement benefits liability	27,902,964	26,967,946	24,924,617	23,989,599	23,557,814	22,622,796	76,385,395	73,580,341
Bonds payable, net of current maturities	215,128,196	219,544,431	239,189,085	253,079,459	7,848,216	9,684,268	462,165,497	482,308,158
Southeast Louisiana Project liability	-	-	-	-	201,926,585	163,995,508	201,926,585	163,995,508
Debt Service Assistance Fund loan payable, net of current maturities	4,196,586	4,622,185	40,891,845	45,037,439	2,672,341	2,943,485	47,760,772	52,603,109
Customer deposits	12,239,765	11,773,473	-	-	-	-	12,239,765	11,773,473
Total long-term liabilities	295,690,139	298,530,738	339,906,042	356,065,281	3,0918,614	233,783,301	946,514,795	888,379,320
Total liabilities	354,464,244	332,839,121	397,289,213	402,884,628	342,799,216	250,222,866	1,094,552,673	985,946,615
Deferred inflows of resources:								
Deferred amounts related to net pension liability	622,656	798,811	622,656	798,811	622,656	798,811	1,867,968	2,396,433
Total deferred inflows of resources	622,656	798,811	622,656	798,811	622,656	798,811	1,867,968	2,396,433
Net position:								
Net investment in capital assets	388,634,912	350,742,119	801,653,793	775,027,956	1,250,558,364	1,125,427,020	2,405,347,069	2,251,197,095
Restricted for debt service	16,808,027	16,750,155	29,730,016	30,393,522	68,297	74,304	46,606,340	47,217,981
Unrestricted	(55,249,240)	(30,382,037)	(24,528,079)	(13,320,642)	(108,911,525)	(26,290,449)	(188,688,844)	(69,993,128)
Total net position	350,193,699	337,110,237	806,855,730	792,100,836	1,106,215,136	1,099,210,875	2,263,264,565	2,228,421,948
Total liabilities, deferred inflows of resources, and net position	\$ 705,280,599	\$ 670,748,169	\$ 1,204,767,599	\$ 1,195,784,275	\$ 1,449,637,008	\$ 1,350,232,552	\$ 3,359,685,206	\$ 3,216,764,996

See accompanying independent auditors' report

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY DEPARTMENT
ENTERPRISE FUND
For the years ended December 31, 2017 and 2016

	Water System		Sewerage System		Drainage System		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Operating revenues:								
Sales of water and delinquent fees	\$ 90,464,810	\$ 83,158,940	\$ -	\$ -	\$ -	\$ -	\$ 90,464,810	\$ 83,158,940
Sewerage service charges	-	-	111,063,719	104,795,184	-	-	111,063,719	104,795,184
Plumbing inspection and license fees	297,115	319,991	291,215	318,511	-	-	588,330	638,502
Other revenues	1,707,271	2,506,704	528,094	505,847	1,215,909	1,065,829	3,451,274	4,078,380
Total operating revenues	92,469,196	85,985,635	111,883,028	105,619,542	1,215,909	1,065,829	205,568,133	192,671,006
Operating Expenses:								
Power and pumping	3,353,409	2,823,007	3,455,301	3,033,447	29,743,813	7,642,762	36,552,523	13,499,216
Treatment	7,298,509	7,450,742	18,238,266	12,739,603	115,132	109,999	25,651,907	20,300,344
Transmission and distribution	20,616,130	21,581,831	15,028,132	14,763,699	765,297	829,176	36,409,559	37,174,706
Customer accounts	2,226,491	2,071,364	2,226,486	2,071,360	7,178	8,303	4,460,155	4,151,027
Customer service	2,049,950	2,064,751	2,068,365	2,082,863	99,228	123,941	4,217,543	4,271,555
Administration and general	8,667,448	6,481,119	8,338,645	6,055,452	7,337,611	5,969,536	24,343,704	18,506,107
Payroll related expenses	15,902,266	18,842,941	12,642,752	13,998,733	9,581,304	11,149,205	38,126,322	43,990,879
Maintenance of general plant	16,301,541	14,379,697	2,599,670	2,722,422	7,198,971	6,877,190	26,100,182	23,979,309
Depreciation	12,216,937	10,177,757	23,620,139	20,861,655	23,613,000	21,021,262	59,450,076	52,060,674
Provision for doubtful accounts	8,769,597	1,757,867	5,523,536	1,655,537	33,578	-	14,326,711	3,413,404
Provision for claims	2,844,668	1,847,021	1,318,735	2,380,775	41,109,418	2,223,009	45,272,821	6,450,805
Total operating expenses	100,246,946	89,478,097	95,060,027	82,365,546	119,604,530	55,954,383	314,911,503	227,798,026
Operating income (loss)	(7,777,750)	(3,492,462)	16,823,001	23,253,996	(118,388,621)	(54,888,554)	(109,343,370)	(35,127,020)
Non-operating revenues (expenses):								
Three-mill tax	-	-	-	-	15,309,309	16,043,825	15,309,309	16,043,825
Six-mill tax	-	-	-	-	16,229,098	16,215,799	16,229,098	16,215,799
Nine-mill tax	-	-	-	-	23,881,671	23,762,398	23,881,671	23,762,398
Two-mill tax	-	-	-	-	2,735	7,526	2,735	7,526
Other taxes	264,074	251,002	329,350	313,048	-	-	593,424	564,050
Federal noncapital grants	800	24,738	45	-	-	-	845	24,738
Interest income	1,923,464	2,104,903	2,109,401	2,308,629	244,250	253,938	4,277,115	4,667,470
Interest expense	(1,660,954)	-	(1,731,807)	-	(144,575)	(32,471)	(3,537,336)	(32,471)
Provision for grants	(3,720,071)	-	(5,186,878)	-	-	-	(8,906,949)	-
Total non-operating revenues	(3,192,687)	2,380,643	(4,479,889)	2,621,677	55,522,488	56,251,015	47,849,912	61,253,335
Income (expenses) before capital contributions	(10,970,437)	(1,111,819)	12,343,112	25,875,673	(62,866,133)	1,362,461	(61,493,458)	26,126,315
Capital contributions	24,053,899	19,429,681	2,411,782	3,105,522	69,870,394	97,072,115	96,336,075	119,607,318
Change in net position	13,083,462	18,317,862	14,754,894	28,981,195	7,004,261	98,434,576	34,842,617	145,733,633
Net position, beginning of year	337,110,237	318,792,375	792,100,836	763,119,641	1,099,210,875	1,000,776,299	2,228,421,948	2,082,688,315
Net position, end of year	\$ 350,193,699	\$ 337,110,237	\$ 806,855,730	\$ 792,100,836	\$ 1,106,215,136	\$ 1,099,210,875	\$ 2,263,264,565	\$ 2,228,421,948

See accompanying independent auditors' report.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT BY DEPARTMENT
As of December 31, 2017 and 2016

	2017			
	Water	Sewer	Drainage	Total
Real estate rights, non depreciable	\$ 2,934,901	\$ 1,925,647	\$ 8,772,766	\$ 13,633,314
Power and pumping stations - buildings	72,165,740	52,660,008	267,802,319	392,628,067
Power and pumping stations - machinery	157,622,824	62,827,545	132,507,236	352,957,605
Distribution systems	318,178,664	-	-	318,178,664
Sewerage collection	-	616,199,180	-	616,199,180
Canals and subsurface drainage	-	-	894,121,872	894,121,872
Treatment plants	-	206,081,699	-	206,081,699
Connections and meters	74,799,449	30,661,835	-	105,461,284
Power transmission	10,727,059	12,208,991	13,555,173	36,491,223
General plant and buildings	134,114,040	98,395,924	79,388,711	311,898,675
Total property, plant and equipment in service	770,542,677	1,080,960,829	1,396,148,077	3,247,651,583
Construction in progress	127,646,302	248,730,329	371,693,496	748,072,327
Total property, plant and equipment	898,188,979	1,329,691,358	1,767,843,573	3,995,723,910
Accumulated depreciation	346,304,582	284,467,313	345,859,218	976,631,113
Net property, plant and equipment	\$ 551,884,397	\$ 1,045,224,045	\$ 1,421,984,355	\$ 3,019,092,797

	2016			
	Water	Sewer	Drainage	Total
Real estate rights, non depreciable	\$ 2,899,839	\$ 1,925,647	\$ 8,721,791	\$ 13,547,277
Power and pumping stations - buildings	65,815,156	46,788,994	266,828,264	379,432,414
Power and pumping stations - machinery	142,047,245	52,404,350	128,197,839	322,649,434
Distribution systems	270,088,600	-	-	270,088,600
Sewerage collection	-	519,874,279	-	519,874,279
Canals and subsurface drainage	-	-	705,506,297	705,506,297
Treatment plants	-	200,711,986	-	200,711,986
Connections and meters	69,626,596	30,617,082	-	100,243,678
Power transmission	10,727,059	7,535,716	13,555,173	31,817,948
General plant and buildings	125,970,634	85,904,931	72,719,901	284,595,466
Total property, plant and equipment in service	687,175,129	945,762,985	1,195,529,265	2,828,467,379
Construction in progress	121,126,038	298,861,766	420,780,634	840,768,438
Total property, plant and equipment	808,301,167	1,244,624,751	1,616,309,899	3,669,235,817
Accumulated depreciation	337,811,191	264,345,441	322,387,525	924,544,157
Net property, plant and equipment	\$ 470,489,976	\$ 980,279,310	\$ 1,293,922,374	\$ 2,744,691,660

See accompanying independent auditors' report.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF BONDS PAYABLE
For the year ended December 31, 2017

	<u>Annual Interest Rates</u>	<u>Interest Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Outstanding as of 12/31/2016</u>	<u>New Debt in 2017</u>	<u>Payments in 2017</u>	<u>Outstanding as of 12/31/2017</u>
Drainage System Bonds, 2014 (9-Mills)	4.53%	(6/1;12/1)	12/1/2014	6/1/2022	\$ 11,100,000	\$ -	\$ 1,690,000	\$ 9,410,000
					<u>11,100,000</u>	<u>-</u>	<u>1,690,000</u>	<u>9,410,000</u>
Sewer Revenue Bonds, 2011	0.95%	(5/1; 11/1)	12/1/2011	12/1/1932	7,333,000	-	427,000	6,906,000
Sewer Revenue Bonds, 2014	4.87%	(6/1;12/1)	12/1/2014	6/1/1944	135,335,000	-	12,970,000	122,365,000
Sewer Revenue Bonds, 2015	5.00%	(6/1;12/1)	12/17/2015	12/1/1945	<u>100,000,000</u>	<u>-</u>	<u>-</u>	<u>100,000,000</u>
					<u>242,668,000</u>	<u>-</u>	<u>13,397,000</u>	<u>229,271,000</u>
Water Revenue Bonds, 2014	5.00%	(6/1;12/1)	12/1/2014	6/1/1944	103,200,000	-	2,540,000	100,660,000
Water Revenue Bonds, 2015	4.98%	(6/1;12/1)	12/17/2015	2/1/2030	<u>100,000,000</u>	<u>-</u>	<u>-</u>	<u>100,000,000</u>
					<u>203,200,000</u>	<u>-</u>	<u>2,540,000</u>	<u>200,660,000</u>
TOTAL					<u>\$ 456,968,000</u>	<u>\$ -</u>	<u>\$ 17,627,000</u>	<u>\$ 439,341,000</u>

See accompanying independent auditors' report.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
DEBT SERVICE AND DEBT SERVICE RESERVE
REQUIRED BY BOND RESOLUTION
For the year ended December 31, 2017

	Debt Service Account				Debt Service Reserve Accounts		
	Water Revenue Bonds	Sewer Revenue Bonds	Drainage Revenue Bonds	Total	Water Revenue Bonds	Sewer Revenue Bonds	Total
Cash and investments at beginning of year	\$ 9,050,155	\$ 19,685,740	\$ 74,304	\$ 28,810,199	\$ 7,700,000	\$ 10,707,782	\$ 18,407,782
Cash receipts:							
Bond proceeds and accrued interest	-	-	-	-	-	-	-
Transfers from operating cash and debt service reserve	13,338,245	30,378,034	2,425,597	46,141,876	-	-	-
Excess debt service reserve fund applied to BANS 2006 Maturity	122	127	-	249	-	-	-
Total cash and investments	13,338,367	30,378,161	2,425,597	46,142,125	-	-	-
Cash disbursements:							
Principal and interest payments, cost of issuance and transfers	13,280,495	31,041,668	2,431,603	46,753,766	-	-	-
Total cash disbursements	13,280,495	31,041,668	2,431,603	46,753,766	-	-	-
Cash and investments at end of year	\$ 9,108,027	\$ 19,022,233	\$ 68,298	\$ 28,198,558	\$ 7,700,000	\$ 10,707,782	\$ 18,407,782

See accompanying independent auditors' report.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
CHANGES IN SELF-INSURANCE LIABILITIES BY DEPARTMENT
For the year ended December 31, 2017

	Beginning of Year	Current Year Claims and Estimate Change	Payments	End of Year
<u>WATER</u>				
Short-term:				
Workers' compensation	\$ 516,898	\$ 1,560,466	\$ 1,457,380	\$ 619,984
Health insurance	719,890	8,768,421	8,727,039	761,272
Total short-term	1,236,788	10,328,887	10,184,419	1,381,256
Long-term:				
Workers' compensation	488,581	(76,465)	-	412,116
General liability	3,711,469	1,255,240	2,988	4,963,721
Total long-term	4,200,050	1,178,775	2,988	5,375,837
Total	\$ 5,436,838	\$ 11,507,662	\$ 10,187,407	\$ 6,757,093
<u>SEWERAGE</u>				
Short-term:				
Workers' compensation	\$ 516,898	\$ 993,871	\$ 890,785	\$ 619,984
Health insurance	697,842	5,906,444	5,878,569	725,717
Total short-term	1,214,740	6,900,315	6,769,354	1,345,701
Long-term:				
Workers' compensation	488,581	(76,465)	-	412,116
General liability	3,493,989	296,752	-	3,790,741
Total long-term	3,982,570	220,287	-	4,202,857
Total	\$ 5,197,310	\$ 7,120,602	\$ 6,769,354	\$ 5,548,558
<u>DRAINAGE</u>				
Short-term:				
Workers' compensation	\$ 516,896	\$ 786,421	\$ 683,329	\$ 619,988
Health insurance	689,769	4,395,773	4,375,031	710,511
Total short-term	1,206,665	5,182,194	5,058,360	1,330,499
Long-term:				
Workers' compensation	488,581	(76,469)	-	412,112
General liability	4,875,377	40,295,203	58,447	45,112,133
Total long-term	5,363,958	40,218,734	58,447	45,524,245
Total	\$ 6,570,623	\$ 45,400,928	\$ 5,116,807	\$ 46,854,744
<u>TOTAL</u>				
Short-term:				
Workers' compensation	\$ 1,550,692	\$ 3,340,758	\$ 3,031,494	\$ 1,859,956
Health insurance	2,107,501	19,070,638	18,980,639	2,197,500
Total short-term	3,658,193	22,411,396	22,012,133	4,057,456
Long-term:				
Workers' compensation	1,465,743	(229,399)	-	1,236,344
General liability	12,080,835	41,847,195	61,435	53,866,595
Total long-term	13,546,578	41,617,796	61,435	55,102,939
Total	\$ 17,204,771	\$ 64,029,192	\$ 22,073,568	\$ 59,160,395

See accompanying independent auditors' report.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO THE EXECUTIVE DIRECTOR
For the year ended December 31, 2017

Cedric S. Grant, Executive Director
Robert K. Miller, Interim Executive Director
Bruce Adams, Interim General Superintendent

January 2017 - August 2017
 September 2017 - October 2017
 November 2017 - December 2017

Purpose	Amount		
	Cedric S. Grant	Robert K. Miller	Bruce Adams
Salary	\$ 146,921	\$ 24,998	\$ 35,539
Benefits-hospitalization	7,475	1,319	3,078
Benefits-life insurance	131	23	54
Benefits-retirement	29,370	4,012	8,623
Reimbursements	3,082	1,545	270
Conference travel	795	3,598	-
Total	<u>\$ 187,774</u>	<u>\$ 35,495</u>	<u>\$ 47,564</u>

See accompanying independent auditors' report.



The Michoud Water Tower is undergoing rehabilitation to remediate severe corrosion and rust. This project includes replacing the top portion of the dome, recoating the entire water tower and tank surfaces (interior and exterior). Minor interior structural modifications and tank maintenance are included. The tank's purpose is to hold potable water for the Venetian Isle community. This tank shall increase water pressure for the homes and businesses and decrease probability of "boil water" notices in the community. This rehabilitation project will keep the water tower in service for many years to come.



Generators were put in place at various facility sites to provide an uninterrupted power source to critical operations. They were designed to increase and insure reliability in the event of a commercial power interruption. Top generator photo: S&WB Carrollton Plant. Bottom generator photo: S&WB Central Yard

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SUMMARY OF STATISTICAL INFORMATION
(Unaudited)

This part of the Board's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statement, note disclosure, and required supplementary information says about the Board's overall financial health.

Financial Trends:

These schedules contain trend information to help the reader understand how the Board's financial performance and well-being have changed over time.

Revenue Capacity:

These schedules contain information to help the reader assess the Board's most significant local revenue source, the property tax.

Debt Capacity:

These schedules present information to help the reader assess the affordability of the Board's current levels of outstanding debt and the Board's ability to issue additional debt in the future.

Demographic and Economic Information:

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place.

Operating Information:

These schedules contain service and infrastructure data to help the reader understand how the information in the Board's financial report relates to the services the Board provides and the activities it performs.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Unaudited - accrual basis of accounting)

	Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Business-type activities										
Net investment in capital assets	\$ 2,405,347,069	\$ 2,251,197,095	\$ 2,009,322,572	\$ 2,013,060,377	\$ 1,919,436,757	\$ 1,762,389,823	\$ 1,602,767,538	\$ 1,481,320,632	\$ 1,367,130,463	\$ 1,306,085,162
Restricted for debt service	46,606,340	47,217,981	46,199,659	30,846,959	33,405,265	35,186,883	33,137,542	32,774,880	30,040,670	32,075,521
Restricted for capital improvements	67,807,354	170,436,101	235,720,245	68,509,876	-	-	-	-	-	-
Unrestricted	(256,496,198)	(240,429,229)	(208,554,161)	(183,112,163)	(175,395,265)	(135,165,032)	(97,925,662)	(82,369,095)	(81,717,627)	(89,154,640)
Total business-type activities net position	<u>\$ 2,263,264,565</u>	<u>\$ 2,228,421,948</u>	<u>\$ 2,082,688,315</u>	<u>\$ 1,929,305,049</u>	<u>\$ 1,777,446,757</u>	<u>\$ 1,662,411,674</u>	<u>\$ 1,537,979,418</u>	<u>\$ 1,431,726,417</u>	<u>\$ 1,315,453,506</u>	<u>\$ 1,249,006,043</u>

Source: Audited Comprehensive Annual Financial Reports

SEWERAGE AND WATER BOARD OF NEW ORLEANS
CHANGES IN NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Unaudited - accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating revenues:										
Sales of water and delinquent fees	\$ 90,464,810	\$ 83,158,940	\$ 78,007,937	\$ 70,818,255	\$ 64,398,609	\$ 60,256,304	\$ 59,890,312	\$ 55,079,772	\$ 50,677,054	\$ 43,995,732
Sewerage service charges	111,063,719	104,795,184	95,636,966	86,553,262	78,535,785	71,407,835	70,358,076	69,534,779	66,102,946	61,877,246
Plumbing inspection and license fees	588,330	638,502	610,768	678,352	643,036	687,806	758,072	746,426	484,448	590,604
Other revenue	4,390,499	4,078,380	8,290,157	5,024,480	5,119,368	4,626,276	8,581,123	4,702,753	3,814,564	2,487,983
Total operating revenues	206,507,358	192,671,006	182,545,828	163,074,349	148,696,798	136,978,221	139,587,583	130,063,730	121,079,012	108,951,565
Operating Expenses:										
Power and pumping	36,549,229	13,499,216	13,139,255	13,227,389	12,572,620	11,951,746	11,787,614	12,606,851	12,950,788	14,178,641
Treatment	25,651,907	20,300,344	18,740,637	19,527,000	18,143,049	18,906,540	18,081,523	19,029,752	19,910,557	18,243,782
Transmission and distribution	36,409,559	37,174,706	35,878,137	27,186,606	23,323,900	26,019,713	27,216,035	15,915,361	21,466,523	18,994,209
Customer accounts	4,460,155	4,151,027	3,807,405	3,514,360	3,425,934	3,334,652	3,369,643	3,314,887	3,044,936	2,719,594
Customer service	4,217,543	4,271,555	3,973,344	3,717,925	3,464,197	3,332,300	3,320,100	3,386,338	3,417,239	3,323,696
Administration and general	24,343,704	18,506,107	16,848,253	16,976,430	17,333,945	15,879,736	16,054,154	16,060,032	13,504,125	15,173,190
Payroll related	38,126,322	43,990,879	36,349,834	32,488,264	34,928,822	33,980,859	34,770,439	33,616,025	35,085,953	31,549,622
Maintenance of general plant	26,100,182	23,979,309	27,148,505	28,178,593	27,647,127	24,480,560	25,185,237	30,723,060	24,969,819	33,613,093
Depreciation	59,450,076	52,060,674	51,661,651	50,157,869	43,648,267	39,011,955	34,772,279	35,216,611	34,692,628	31,546,017
Provision for doubtful accounts	14,326,711	3,413,404	2,466,117	1,940,782	2,052,096	1,676,511	867,460	4,855,325	889,811	(12,225,825)
Provision for claims	45,272,821	6,450,805	2,435,209	2,444,878	1,801,114	130,704	(4,680,454)	3,186,714	58,860	587,465
Total operating expenses	314,908,209	227,798,026	212,448,347	199,360,096	188,341,071	178,705,276	170,744,030	177,910,956	169,991,239	157,703,484
Operating loss	(108,400,851)	(35,127,020)	(29,902,519)	(36,285,747)	(39,644,273)	(41,727,055)	(31,156,447)	(47,847,226)	(48,912,227)	(48,751,919)
Non-operating revenues (expenses):										
Two-mill tax	2,735	7,526	4,960	1,193	-	-	4,870	1,045	-	-
Three-mill tax	15,309,309	16,043,825	14,139,193	13,481,526	13,175,711	12,497,723	11,129,376	10,378,060	10,302,545	11,294,822
Six-mill tax	16,229,098	16,215,799	14,290,667	13,626,539	13,317,505	12,630,977	11,242,927	10,498,580	10,410,524	11,406,361
Nine-mill tax	23,881,671	23,762,398	21,421,102	20,425,388	19,962,114	18,933,290	16,855,081	15,672,791	15,485,030	17,001,253
Other taxes	593,424	564,050	581,395	572,083	494,106	278,394	316,079	333,795	371,006	515,735
Operating and maintenance grants	845	24,738	2,405	1,502	2,054,492	7,624,526	11,479,664	9,367,940	19,373,185	(3,973)
Interest income	4,273,821	4,667,470	2,511,032	811,263	353,630	401,387	426,870	274,323	885,723	3,545,564
Hurricane gain (loss)	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	(1,510,657)	(2,649,339)	-	-	-	-	-	-
Interest expense	(3,537,336)	(32,471)	(53,518)	-	(371,349)	(737,893)	(736,878)	(1,687,603)	(1,766,553)	(1,720,030)
Forgiveness of Community Disaster Loan	(8,906,949)	-	-	-	30,061,368	-	-	41,438,410	-	-
Total non-operating revenues (expenses)	47,846,618	61,253,335	51,386,579	46,270,155	79,047,577	51,628,404	50,717,989	86,277,341	55,061,460	42,039,732
Income (loss) before capital contributions	(60,554,233)	26,126,315	21,484,060	9,984,408	39,403,304	9,901,349	19,561,542	38,430,115	6,149,233	(6,712,187)
Capital contributions	95,396,850	119,607,318	131,899,206	141,873,884	114,317,636	114,530,907	115,575,107	48,959,148	60,298,230	(29,931,607)
Change in net position	34,842,617	145,733,633	153,383,266	151,858,292	153,720,940	124,432,256	135,136,649	87,389,263	66,447,463	(36,643,794)
Net position:										
Beginning of year	2,228,421,948	2,082,688,315	1,929,305,049	1,777,446,757	1,662,411,674	1,537,979,418	1,402,842,769	1,315,453,506	1,249,006,043	1,285,649,837
Restatement	-	-	-	-	(38,685,857)	-	-	-	-	-
Beginning of year, as restated	2,228,421,948	2,082,688,315	1,929,305,049	1,777,446,757	1,623,725,817	1,537,979,418	1,402,842,769	1,315,453,506	1,249,006,043	1,285,649,837
End of year	\$ 2,263,264,565	\$ 2,228,421,948	\$ 2,082,688,315	\$ 1,929,305,049	\$ 1,777,446,757	\$ 1,662,411,674	\$ 1,537,979,418	\$ 1,402,842,769	\$ 1,315,453,506	\$ 1,249,006,043

Source: Audited Comprehensive Annual Financial Reports - Information available for nine years

SEWERAGE AND WATER BOARD OF NEW ORLEANS
REVENUE AND EXPENSES BY SOURCE
ENTERPRISE FUND
Last Ten Years
(Unaudited)

Revenues	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Charges for service	\$ 106,463,582	\$ 117,264,448	\$ 125,360,977	\$ 131,006,460	\$ 132,351,945	\$ 143,577,430	\$ 158,049,869	\$ 174,255,671	\$ 188,592,626	\$ 202,116,859
Dedicated taxes	39,702,436	36,198,099	36,549,431	39,227,384	44,061,990	46,455,330	47,533,453	49,850,962	56,022,022	55,420,078
Two-mill tax	-	-	1,045	4,870	-	-	1,193	4,960	7,526	2,735
Interest on investments	3,545,564	885,723	274,323	426,870	401,387	353,630	811,263	2,511,046	4,667,470	4,273,821
Other taxes and revenue	2,999,745	23,558,755	55,842,898	20,376,866	12,529,196	37,729,334	5,598,065	7,363,300	4,667,168	(3,922,181)
	<u>\$ 152,711,327</u>	<u>\$ 177,907,025</u>	<u>\$ 218,028,674</u>	<u>\$ 191,042,450</u>	<u>\$ 189,344,518</u>	<u>\$ 228,115,724</u>	<u>\$ 211,993,843</u>	<u>\$ 233,985,939</u>	<u>\$ 253,956,812</u>	<u>\$ 257,891,312</u>
Expenses	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Personnel services	\$ 68,605,280	\$ 74,540,678	\$ 72,725,464	\$ 73,834,142	\$ 74,358,288	\$ 75,998,997	\$ 76,009,536	\$ 81,094,850	\$ 88,422,754	\$ 85,643,784
Services and utilities	56,428,567	50,787,395	47,125,394	42,417,785	40,621,806	44,686,711	46,739,864	46,321,849	48,095,715	56,047,431
Materials and supplies	12,603,961	8,880,950	12,535,610	23,532,818	22,906,012	20,153,886	22,067,167	28,468,671	29,354,674	54,170,680
Depreciation and amortization	31,704,036	34,833,545	35,381,030	34,850,026	39,011,955	43,648,267	50,157,869	51,661,651	52,060,674	59,450,076
Provision for doubtful accounts	(12,225,825)	889,811	4,855,325	867,460	1,676,511	2,052,096	1,940,782	2,466,131	3,413,404	14,326,711
Provision for claims	587,465	58,860	3,186,714	(4,680,454)	130,704	1,801,114	2,444,878	2,435,209	6,450,805	45,272,821
Hurricane Loss	-	-	-	-	-	-	-	-	-	8,906,949
Bond issuance costs	-	-	-	-	-	-	2,649,339	1,510,657	-	-
Interest	1,720,030	1,766,553	1,687,603	736,878	737,893	371,349	-	53,518	32,471	3,537,336
	<u>\$ 159,423,514</u>	<u>\$ 171,757,792</u>	<u>\$ 177,497,140</u>	<u>\$ 171,558,655</u>	<u>\$ 179,443,169</u>	<u>\$ 188,712,420</u>	<u>\$ 202,009,435</u>	<u>\$ 214,012,536</u>	<u>\$ 227,830,497</u>	<u>\$ 327,355,788</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Unaudited - amounts in thousands)

Fiscal Year	Net Assessed Value		Total Net Assessed Value	Total Estimated Actual Value (1)	Ratio of Total Net Assessed to Total Estimated Actual Value
	Real Estate	Personal Property			
2008	2,004,624	539,492	2,544,116	20,698,664	12.3%
2009	2,042,426	557,039	2,599,465	21,974,841	11.8%
2010	2,489,813	387,334	2,877,147	21,974,841	13.1%
2011	2,584,334	385,700	2,970,034	21,974,841	13.5%
2012	2,760,973	390,952	3,151,925	21,974,841	14.3%
2013	2,920,015	413,120	3,333,135	21,974,841	15.2%
2014	3,065,164	405,514	3,470,678	21,974,841	15.8%
2015	3,202,063	431,355	3,633,418	21,974,841 (2)	16.5%
2016	3,376,001	456,454	3,832,455	30,873,272	12.4%
2017	3,481,746	471,986	3,953,732	35,475,355	11.1%

Source: City of New Orleans

(1) Amounts are net of the homestead exemption.

(2) Latest date available for total estimated actual value is 2009.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
(Unaudited)

Number of Mills
(Per \$1,000 of assessed value)

Fiscal Year	City of New Orleans	Orleans Levee Board	Orleans Levee District Eastbank	Algiers Levee District	Sewerage & Water Board of New Orleans	Orleans Parish School Board	Audubon Park & Zoo	Total
2008	61.34	0*	9.65	9.28	16.43**	38.47	3.31	129.20
2009	61.34	0*	10.95	12.76	16.03**	38.47	3.31	130.10
2010	64.31	0*	11.67	12.76	16.43**	44.12	3.31	140.93
2011	72.05	0*	11.67	12.76	16.43**	44.12	3.31	148.67
2012	72.05	0*	11.67	12.76	16.43**	43.60	3.31	148.15
2013	72.05	0*	11.67	12.36	16.43**	44.81	3.31	136.60
2014	72.05	0*	11.67	12.76	16.43**	45.31	3.31	147.58
2015	71.95	0*	11.67	12.56	16.43**	45.31	3.31	149.56
2016	74.45	0*	12.28	6.21	16.43**	45.31	3.31	145.71
2017	60.98	0*	12.28	12.56	16.43**	45.31	3.31	134.44

Source: City of New Orleans

*Special millage beginning in 2008 and no longer City-wide.

**3 mills adopted in 1967 expires in 2017

**6 mills adopted in 1978 expires in 2027

**9 mills adopted in 1982 expires in 2032

SEWERAGE AND WATER BOARD OF NEW ORLEANS
TEN LARGEST TAXPAYERS
December 31, 2017 and Ten Years Ago
(Amounts in thousands)
(Unaudited)

<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>2017 Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Entergy Service	Electric & Gas Utilities	\$ 110,910	3.04%
Capital One Bank	Financial Institution	45,919	1.26%
Marriott Hotel	Hospitality	36,113	0.99%
Bellsouth	Telephone Utilities	35,178	0.96%
Harrah's Entertainment	Hospitality & Gaming	28,363	0.78%
WhitneyBk/Hancock Bk	Financial Institution	25,224	0.69%
Folgers Coffee	Coffee Roasting Plant	19,637	0.54%
J P Morgan Chase Bank	Financial Institution	18,352	0.50%
International Rivercenter	Real Estate	18,105	0.50%
Sheraton Hotel	Hospitality	16,639	0.46%
		<u>\$ 354,440</u>	<u>9.72%</u>

<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>2007 Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Entergy Service	Electric & Gas Utilities	\$ 60,220	3.65%
Bellsouth Telecommunications	Telephone Utilities	58,436	3.55%
Hibernia Bank	Financial Institution	49,568	3.01%
Harrah's Entertainment	Hospitality & Gaming	21,178	1.65%
Whitney National Bank	Financial Institution	23,583	1.43%
CS&M Association (Sheraton)	Real Estate	20,725	1.26%
International Rivercenter	Real Estate	19,058	1.16%
Marriott Hotel Properties	Hospitality	15,271	0.93%
J P Morgan Chase Bank	Financial Institution	13,385	0.81%
SHC New Orleans (Hyatt)	Hospitality	11,247	0.68%
		<u>\$ 292,671</u>	<u>18.13%</u>

Source: City of New Orleans

SEWERAGE AND WATER BOARD OF NEW ORLEANS
PROPERTY TAX
LEVIES AND COLLECTIONS BY THE CITY OF NEW ORLEANS
Last Ten Fiscal Years
(Unaudited - Amounts in Thousands)

Fiscal Year	Total Levied	Collected within		Collections in	Total Collections to Date	
		Fiscal year of the Levy		Subsequent	Percentage	
		Amount	Percent	Years	Amount	of Levy
				Amount		
Real Estate Taxes:						
2008	269,746	243,204	90.16%	23,438	266,642	98.85%
2009	275,869	257,219	93.24%	15,219	272,438	98.76%
2010	309,800	291,078	93.96%	14,598	305,676	98.67%
2011	339,370	320,437	94.42%	13,717	334,154	98.46%
2012	362,262	342,248	94.48%	13,528	355,776	98.21%
2013	382,902	363,026	94.81%	11,234	374,260	97.74%
2014	393,304	375,815	95.55%	-	375,815	95.55%
2015	422,306	397,843	94.21%	11,168	409,011	96.85%
2016	457,800	442,153	96.58%	13,137	455,290	99.45%
2017	480,924	458,767	95.39%	7,711	466,478	97.00%
Personal Property Taxes:						
2008	67,548	59,645	88.30%	4,429	64,074	94.86%
2009	69,935	63,118	90.25%	3,444	66,562	95.18%
2010	74,530	68,508	91.92%	2,242	70,750	94.93%
2011	78,996	74,204	93.93%	1,653	75,857	96.03%
2012	81,685	78,275	95.83%	1,550	79,825	97.72%
2013	87,058	84,410	96.96%	365	84,775	97.38%
2014	84,620	81,926	96.82%	-	81,926	96.82%
2015	86,961	81,773	94.03%	1,002	82,775	95.19%
2016	92,428	88,797	96.07%	744	89,541	96.88%
2017	96,441	92,123	95.52%	827	92,950	96.38%

Source: City of New Orleans

SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER AND SEWER RATES
Last Ten Fiscal Years
(Unaudited)

Year	Water					Sewer	
	Rate per 1,000 Gallons					Monthly Base Rate	Rate per 1,000 Gallons
	Monthly Base Rate	First 3,000 Gallons	Next 17,000 Gallons	Next 980,000 Gallons	All Gallons Over 1,000,000		
2008	3.50	2.35	4.01	3.15	2.65	11.60	4.04
2009	3.70	2.47	4.21	3.31	2.78	11.60	4.04
2010	3.90	2.59	4.42	3.48	2.92	11.60	4.04
2011	4.05	2.69	4.60	3.62	3.04	11.60	4.04
2012	4.05	2.69	4.60	3.62	3.04	11.60	4.04
2013	4.91	2.96	5.06	3.98	3.34	14.04	4.44
2014	4.91	3.26	5.57	4.38	3.67	14.04	4.88
2015	5.40	3.59	6.13	4.82	4.04	15.44	5.37
2016	5.94	3.95	6.74	5.30	4.44	16.98	5.91
2017	5.13	4.79	8.15	6.41	5.37	20.55	7.15

Note: Rates are based on 5/8" meter, which is the standard household meter size.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Personal Income (1) (in thousands)	Population (2)	Revenue Bonds	Special Tax Bonds	LDHH Bonds	Special Community Disaster Loan Payable	Debt Service Assistance Fund Loan	Capital Leases Payable	Total Debt	Percentage of Personal Income	Debt per Capita
2008	15,802,534	336,644	235,216,902	22,710,000	-	61,956,747	77,460,393	-	397,344,042	3.98%	1,180
2009	15,260,613	354,850	221,958,520	21,525,000	-	61,956,747	77,460,393	-	382,900,660	3.99%	1,079
2010	15,260,613	347,907	208,422,155	20,290,000	632,842	25,166,747	77,460,393	-	331,972,137	4.60%	954
2011	15,260,613	360,740	194,330,103	18,990,000	1,503,834	25,166,747	77,465,247	-	317,455,931	4.81%	880
2012	15,346,678	369,250	186,832,906	17,630,000	1,998,636	25,166,747	73,776,967	-	305,405,256	5.03%	827
2013	15,888,893	378,715	172,192,129	16,205,000	3,865	-	69,917,529	-	258,318,523	6.15%	682
2014	16,437,492	378,715	292,068,863	14,870,042	3,865	-	41,317,444	-	348,260,214	4.72%	920
2015	18,032,254	389,617 (3)	504,808,633	12,750,000	-	-	61,653,139	-	579,211,772	3.11%	1,487
2016	14,094,612	391,495	488,835,158	11,100,000	-	-	57,230,725	-	557,165,883	2.53%	1,423
2017	14,094,612 (4)	393,292	488,835,158 (4)	9,410,000	-	-	52,604,006	-	550,849,164	2.56%	1,401

- (1) Source: Bureau of Economic Analysis.
(2) Source: www.census.gov/popest.
(3) Most recent available is as of March 2014.
(4) Most recent available is as of 2016

SEWERAGE AND WATER BOARD OF NEW ORLEANS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2017
(Unaudited)

	Net Outstanding Debt	Percentage Overlapping	Overlapping Debt
Direct debt:			
Sewerage and Water Board, net of debt service funds (tax bonds only)	\$ 9,410,000	100%	\$ 9,410,000
Overlapping debt:			
City of New Orleans	565,688,666	100%	565,688,666
Audubon Park Commission	13,590	100%	13,590
Orleans Parish School Board (1)	120,295	100%	120,295
Total overlapping debt	565,822,551	100%	565,822,551
Total direct and overlapping debt	\$ 575,232,551	100%	\$ 575,232,551

(1) The fiscal year of the Orleans Parish School Board ends on June 30th; overlapping debt is based on June 30, 2017 financial information.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
REVENUE BONDS DEBT SERVICE COVERAGE
WATER BONDS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Operating Revenue	Direct Operating Expenses	Net Revenue Available for Debt Services	Debt Service Requirement			Coverage
				Principal	Interest	Total	
2008	47,435,375	66,989,084	(19,553,709)	1,920,000	1,917,131	3,837,131	(5.10)
2009	70,211,761	51,983,869	18,227,892	2,115,000	1,771,268	3,886,268	4.69
2010	77,837,538	58,180,206	19,657,332	2,220,000	1,685,618	3,905,618	5.03
2011	76,400,717	64,677,227	11,723,490	2,325,000	1,592,393	3,917,393	2.99
2012	73,802,442	61,988,096	11,814,346	2,435,000	1,493,380	3,928,380	3.01
2013	100,320,212	64,170,029	36,150,183	2,545,000	1,374,043	3,919,043	9.22
2014	74,221,260	66,607,501	7,613,759	-	2,829,414	2,829,414	2.69
2015	(1) 82,957,551	71,168,572	11,788,979	-	3,500,000	3,500,000	3.37
2016	(1) 88,366,278	75,002,591	13,363,687	325,000	7,646,525	7,971,525	1.68
2017	(2) 94,657,534	77,838,026	16,819,508	2,540,000	10,100,550	12,640,550	1.33

(1) The 2015 and 2016 Debt Service Coverage Ratios have been recast based upon the opinion of the Qualified Independent Consultant

(2) See footnote 18 to the financial statements

SEWERAGE AND WATER BOARD OF NEW ORLEANS
REVENUE BONDS DEBT SERVICE COVERAGE
SEWER BONDS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year		Operating Revenue	Direct Operating Expenses	Net Revenue Available for Debt Services	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2008		70,836,988	42,135,587	28,701,401	15,035,000	3,326,538	18,361,538	1.56
2009		69,501,438	49,879,875	19,621,563	11,255,000	9,058,968	20,313,968	0.97
2010		87,569,727	44,361,297	43,208,430	11,815,000	8,435,057	20,250,057	2.13
2011		74,173,489	43,173,641	30,999,848	12,400,000	7,863,432	20,263,432	1.53
2012		72,399,088	44,869,796	27,529,292	13,431,000	7,282,082	20,713,082	1.33
2013		80,080,102	45,378,129	34,701,973	14,110,000	6,616,719	20,726,719	1.67
2014		88,756,831	45,943,518	42,813,313	13,695,000	5,445,799	19,140,799	2.24
2015	(1)	98,166,699	50,196,374	47,970,325	11,644,000	4,750,603	16,394,603	2.93
2016	(1)	108,244,171	57,142,277	51,101,894	12,852,000	10,463,838	23,315,838	2.19
2017	(2)	114,318,485	64,686,410	49,632,075	13,392,000	11,413,498	24,805,498	2.00

(1) The 2015 and 2016 Debt Service Coverage Ratios have been recast based upon the opinion of the Qualified Independent Consultant

(2) See footnote 18 to the financial statements

SEWERAGE AND WATER BOARD OF NEW ORLEANS
WATER SYSTEM UNRESTRICTED CASH AND CASH EQUIVALENTS
DAYS OF OPERATING AND MAINTENANCE EXPENSE AT YEAR END
Last Four Fiscal Years
(unaudited)

<u>Fiscal Year</u>	<u>Cash Balance</u>	<u>One Day O&M</u>	<u>Measurement</u>
2014	32,497,474	188,711	172.21
2015	39,253,304	194,982	201.32
2016	38,383,800	205,487	186.79
2017	29,823,726	213,255	139.85

SEWERAGE AND WATER BOARD OF NEW ORLEANS
 SEWERAGE SYSTEM UNRESTRICTED CASH AND CASH EQUIVALENTS
 DAYS OF OPERATING AND MAINTENANCE EXPENSE AT YEAR END
 Last Four Fiscal Years
 (unaudited)

<u>Fiscal Year</u>	<u>Cash Balance</u>	<u>One Day O&M</u>	<u>Measurement</u>
2014	26,736,696	130,990	204.11
2015	40,267,802	137,524	292.80
2016	62,584,566	156,554	399.76
2017	52,923,266	177,223	298.63

SEWERAGE AND WATER BOARD OF NEW ORLEANS
DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate (3)</u>
2008	336,644	\$ 15,802,534	\$ 46,941	4.40%
2009	354,850	\$ 15,260,613	\$ 35,507	6.80%
2010	347,907	\$ 15,260,613	\$ 35,507	8.50%
2011	360,740	\$ 15,260,613	\$ 38,578	7.30%
2012	369,250	\$ 15,346,678	\$ 41,562	5.50%
2013	378,715	\$ 15,888,893	\$ 41,955	4.20%
2014	378,715	\$ 16,437,492	\$ 43,403	7.50%
2015	389,617	\$ 18,032,254	\$ 46,282	6.00%
2016	391,495	\$ 14,094,612	\$ 36,792	5.40%
2017	393,292	\$ 14,094,612 (4)	\$ 35,838	5.41%

(1) Source: www.census.gov/popest/

(2) Source: Estimates- Bureau of Economic Analysis.

(3) Source: U.S. Bureau of Labor Statistics.

(4) Most recent available is 2016

SEWERAGE AND WATER BOARD OF NEW ORLEANS
NEW ORLEANS AREA PRINCIPAL EMPLOYERS
Last Ten Fiscal Years
(Unaudited)

	Rank / Number of Employees						(1)	(2)	(2)	(2)
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Acme Truck Line Inc.				8 / 2,500			10 / 3,100	10 / 3,100	10 / 3,100	10 / 3,100
Al Copeland Investments	10 / 2,000	7 / 2,000	7 / 2,000	9 / 2,200	9 / 2,000					
Boh Bros. Construction		9 / 1,500	9 / 1,500							
Boomtown Casino Westbank										
Capital One Bank N.A.	9 / 2,150	6 / 2,150	6 / 2,150		8 / 2,150					
City of New Orleans	5 / 3,500									
Dow Chemical Company		8 / 2,000	8 / 2,000		10 / 2,000					
East Jefferson General Hospital	6 / 3,150				5 / 3,150					
Harrah's New Orleans Casino	8 / 2,200	5 / 2,200	5 / 2,200	7 / 2,700	7 / 2,200	7 / 2,700				
Hilton New Orleans		10 / 1,400	10 / 1,400				4 / 5,000	4 / 5,000	4 / 5,000	4 / 5,000
Hope Haven Center										
Houma Industries										
Ingalls Shipbuilding							3 / 6,000	3 / 6,000	3 / 6,000	3 / 6,000
JCC Holding Co. LLC										
Lockheed Martin Manned Space Systems	7 / 2,832	4 / 2,832	4 / 2,832		7 / 2,800					
Louisiana Children's Medical Center							7 / 4,500	7 / 4,500	7 / 4,500	7 / 4,500
LSU Health Sciences Center New Orleans	3 / 5,000			2 / 7,000	3 / 5,000	2 / 7,000	2 / 7,000	2 / 7,000	2 / 7,000	2 / 7,000
LSU Public Hospital							5 / 5,000	5 / 5,000	5 / 5,000	5 / 5,000
NASA Michoud				10 / 2,000		9 / 2,000				
North Oaks Health System						7 / 2,700				
Northrup Grumman Avondale	2 / 5,400	2 / 5,400	2 / 5,400	3 / 6,000	2 / 5,400	3 / 6,000				
Ochsner Medical Institutions / Health System	1 / 9,107	1 / 9,107	1 / 9,107	1 / 9,800	1 / 9,100	1 / 9,100	1 / 9,800	1 / 9,800	1 / 9,800	1 / 9,800
Superior Energy Services, Inc.										
Textron Marine & Land Systems										
Tulane University	4 / 4,410	3 / 4,410	3 / 4,410	4 / 5,000	4 / 4,400	4 / 5,000	6 / 4,700	6 / 4,700	6 / 4,700	6 / 4,700
University of New Orleans				6 / 3,114		6 / 3,114	9 / 3,100	9 / 3,100	9 / 3,100	9 / 3,100
US Post Office				5 / 4,000	6 / 2,900	5 / 4,000	8 / 4,000	8 / 4,000	8 / 4,000	8 / 4,000
USDA, National Finance Center										
West Jefferson Medical Center						10 / 1,904				

(1) Source: Greater New Orleans Inc. and New Orleans City Business
(2) Most recent available is as of March 2014.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
CAPITAL EXPENDITURES BY DEPARTMENT
ENTERPRISE FUND
Last Ten Fiscal Years
(Unaudited)

<u>Year</u>	<u>Water (1)</u>	<u>Sewer (1)</u>	<u>Drainage (1)</u>	<u>Total</u>
2008	\$ 19,938,659	\$ 25,608,236	\$ 28,592,805	\$ 74,139,700
2009	22,465,931	56,010,946	47,185,424	125,662,301
2010	32,248,119	58,682,400	51,465,065	142,395,584
2011	20,374,785	53,662,611	66,821,905	140,859,301
2012	33,888,620	60,658,231	90,435,159	184,982,010
2013	37,552,122	63,172,589	79,811,759	180,536,470
2014	46,604,884	58,870,182	152,172,018	257,647,084
2015	42,638,486	56,387,080	155,764,692	254,790,258
2016	46,106,462	48,975,578	167,051,515	262,133,555
2017	89,887,813	85,066,607	151,533,673	326,488,093

(1) Includes contributed assets

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF FUTURE DEBT PAYMENTS**

**December 31, 2017
(Unaudited)**

		Water Revenue Bonds		
		Series 2014	Water 2015	All Bond Issues
2018	Principal	2,660,000	700,000	3,360,000
	Interest	5,033,000	4,940,550	9,973,550
2019	Principal	2,800,000	775,000	3,575,000
	Interest	4,900,000	4,919,550	9,819,550
2020	Principal	2,930,000	895,000	3,825,000
	Interest	4,760,000	4,888,550	9,648,550
2021	Principal	3,070,000	935,000	4,005,000
	Interest	4,613,500	4,852,750	9,466,250
2022	Principal	3,225,000	970,000	4,195,000
	Interest	4,460,000	4,815,350	9,275,350
2023	Principal	2,230,000	2,155,000	4,385,000
	Interest	4,298,750	4,786,250	9,085,000
2024	Principal	2,345,000	2,260,000	4,605,000
	Interest	4,187,250	4,678,500	8,865,750
2025	Principal	2,460,000	2,375,000	4,835,000
	Interest	4,070,000	4,565,500	8,635,500
2026	Principal	2,585,000	2,490,000	5,075,000
	Interest	3,947,000	4,446,750	8,393,750
2027	Principal	2,715,000	2,615,000	5,330,000
	Interest	3,817,750	4,322,250	8,140,000
2028	Principal	2,850,000	2,750,000	5,600,000
	Interest	3,682,000	4,191,500	7,873,500
2029	Principal	2,990,000	2,885,000	5,875,000
	Interest	3,539,500	4,054,000	7,593,500
2030	Principal	3,140,000	3,030,000	6,170,000
	Interest	3,390,000	3,909,750	7,299,750
2031	Principal	3,300,000	3,180,000	6,480,000
	Interest	3,233,000	3,758,250	6,991,250
2032	Principal	3,460,000	3,345,000	6,805,000
	Interest	3,068,000	3,599,250	6,667,250
2033	Principal	3,635,000	3,510,000	7,145,000
	Interest	2,895,000	3,432,000	6,327,000
2034	Principal	3,820,000	3,680,000	7,500,000
	Interest	2,713,250	3,256,500	5,969,750
2035	Principal	4,010,000	3,865,000	7,875,000
	Interest	2,522,250	3,072,500	5,594,750
2036	Principal	4,210,000	4,060,000	8,270,000
	Interest	2,321,750	2,879,250	5,201,000
2037	Principal	4,420,000	4,265,000	8,685,000
	Interest	2,111,250	2,676,250	4,787,500
2038	Principal	4,645,000	4,475,000	9,120,000
	Interest	1,890,250	2,463,000	4,353,250
2039	Principal	4,875,000	4,700,000	9,575,000
	Interest	1,658,000	2,239,250	3,897,250
2040	Principal	5,120,000	4,930,000	10,050,000
	Interest	1,414,250	2,004,250	3,418,500
2041	Principal	5,370,000	5,185,000	10,555,000
	Interest	1,158,250	1,757,750	2,916,000
2042	Principal	5,645,000	5,435,000	11,080,000
	Interest	889,750	1,498,500	2,388,250
2043	Principal	5,925,000	5,710,000	11,635,000
	Interest	607,500	1,226,750	1,834,250
2044	Principal	6,225,000	5,995,000	12,220,000
	Interest	311,250	941,250	1,252,500
2045	Principal	-	12,830,000	12,830,000
	Interest	-	641,500	641,500
Total Principal		100,660,000	100,000,000	200,660,000
Total Interest		81,492,500	94,817,500	176,310,000
Total Future Debt Payments		\$ 182,152,500	\$ 194,817,500	\$ 376,970,000

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF FUTURE DEBT PAYMENTS
December 31, 2017
(Unaudited)

		Sewer Revenue Bonds			
		Series	Series	Series	All Bond
		2011	2014	2015	Issues
2018	Principal	431,000	11,925,000	-	12,356,000
	Interest	30,318	5,717,450	5,000,000	10,747,768
2019	Principal	435,000	11,075,000	-	11,510,000
	Interest	28,379	5,142,450	5,000,000	10,170,829
2020	Principal	439,000	11,660,000	-	12,099,000
	Interest	26,421	4,574,075	5,000,000	9,600,496
2021	Principal	443,000	9,050,000	2,000,000	11,493,000
	Interest	24,446	4,056,325	4,950,000	9,030,771
2022	Principal	447,000	7,445,000	2,000,000	9,892,000
	Interest	22,452	3,643,950	4,850,000	8,516,402
2023	Principal	451,000	3,920,000	2,000,000	6,371,000
	Interest	20,440	3,359,825	4,750,000	8,130,265
2024	Principal	456,000	3,760,000	2,000,000	6,216,000
	Interest	18,412	3,167,825	4,650,000	7,836,237
2025	Principal	460,000	1,970,000	2,125,000	4,555,000
	Interest	16,360	3,024,575	4,546,875	7,587,810
2026	Principal	464,000	2,070,000	2,235,000	4,769,000
	Interest	14,290	2,923,575	4,437,875	7,375,740
2027	Principal	469,000	2,175,000	2,350,000	4,994,000
	Interest	12,202	2,817,450	4,323,250	7,152,902
2028	Principal	473,000	2,280,000	2,480,000	5,233,000
	Interest	10,090	2,706,075	4,202,500	6,918,665
2029	Principal	478,000	2,395,000	2,610,000	5,483,000
	Interest	7,962	2,589,200	4,075,250	6,672,412
2030	Principal	482,000	2,515,000	2,735,000	5,732,000
	Interest	5,812	2,475,881	3,941,625	6,423,318
2031	Principal	487,000	2,620,000	2,880,000	5,987,000
	Interest	3,642	2,366,762	3,801,250	6,171,654
2032	Principal	491,000	2,735,000	3,025,000	6,251,000
	Interest	1,450	2,252,969	3,653,625	5,908,044
2033	Principal	-	2,850,000	3,695,000	6,545,000
	Interest	-	2,134,287	3,485,625	5,619,912
2034	Principal	-	2,970,000	3,885,000	6,855,000
	Interest	-	2,010,613	3,296,125	5,306,738
2035	Principal	-	3,095,000	4,100,000	7,195,000
	Interest	-	1,870,125	3,096,500	4,966,625
2036	Principal	-	3,250,000	4,315,000	7,565,000
	Interest	-	1,711,500	2,886,125	4,597,625
2037	Principal	-	3,415,000	4,540,000	7,955,000
	Interest	-	1,544,875	2,664,750	4,209,625
2038	Principal	-	3,585,000	4,775,000	8,360,000
	Interest	-	1,369,875	2,431,875	3,801,750
2039	Principal	-	3,765,000	5,025,000	8,790,000
	Interest	-	1,186,125	2,186,875	3,373,000
2040	Principal	-	3,950,000	5,290,000	9,240,000
	Interest	-	993,250	1,929,000	2,922,250
2041	Principal	-	4,150,000	5,565,000	9,715,000
	Interest	-	790,750	1,657,625	2,448,375
2042	Principal	-	4,360,000	5,855,000	10,215,000
	Interest	-	578,000	1,372,125	1,950,125
2043	Principal	-	4,575,000	6,165,000	10,740,000
	Interest	-	354,625	1,071,625	1,426,250
2044	Principal	-	4,805,000	6,485,000	11,290,000
	Interest	-	120,125	755,375	875,500
2045	Principal	-	-	11,865,000	11,865,000
	Interest	-	-	296,625	296,625
Total Principal		6,906,000	122,365,000	100,000,000	229,271,000
Total Interest		242,676	65,482,537	94,312,500	160,037,713
Total Future Debt Payments		<u>\$ 7,148,676</u>	<u>\$ 187,847,537</u>	<u>\$ 194,312,500</u>	<u>\$ 389,308,713</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF FUTURE DEBT PAYMENTS
December 31, 2017
(Unaudited)

		Drainage Special Tax Bonds	
		Series	All Bond
		2014	Issues
2018	Principal	1,745,000	1,745,000
	Interest	283,350	283,350
2019	Principal	1,815,000	1,815,000
	Interest	213,550	213,550
2020	Principal	1,895,000	1,895,000
	Interest	140,950	140,950
2021	Principal	1,955,000	1,955,000
	Interest	84,100	84,100
2022	Principal	2,000,000	2,000,000
	Interest	45,000	45,000
2023	Principal	-	-
	Interest	-	-
Total Principal		9,410,000	9,410,000
Total Interest		766,950	766,950
Total Future Debt Payments		<u>\$ 10,176,950</u>	<u>\$ 10,176,950</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF FUTURE DEBT PAYMENTS
December 31, 2017
(Unaudited)

		All Departments			
		Water	Sewer	Drainage	Total
2018	Principal	3,360,000	12,356,000	1,745,000	17,461,000
	Interest	9,973,550	10,747,768	283,350	21,004,668
2019	Principal	3,575,000	11,510,000	1,815,000	16,900,000
	Interest	9,819,550	10,170,829	213,550	20,203,929
2020	Principal	3,825,000	12,099,000	1,895,000	17,819,000
	Interest	9,648,550	9,600,496	140,950	19,389,996
2021	Principal	4,005,000	11,493,000	1,955,000	17,453,000
	Interest	9,466,250	9,030,771	84,100	18,581,121
2022	Principal	4,195,000	9,892,000	2,000,000	16,087,000
	Interest	9,275,350	8,516,402	45,000	17,836,752
2023	Principal	4,385,000	6,371,000	-	10,756,000
	Interest	9,085,000	8,130,265	-	17,215,265
2024	Principal	4,605,000	6,216,000	-	10,821,000
	Interest	8,865,750	7,836,237	-	16,701,987
2025	Principal	4,835,000	4,555,000	-	9,390,000
	Interest	8,635,500	7,587,810	-	16,223,310
2026	Principal	5,075,000	4,769,000	-	9,844,000
	Interest	8,393,750	7,375,740	-	15,769,490
2027	Principal	5,330,000	4,994,000	-	10,324,000
	Interest	8,140,000	7,152,902	-	15,292,902
2028	Principal	5,600,000	5,233,000	-	10,833,000
	Interest	7,873,500	6,918,665	-	14,792,165
2029	Principal	5,875,000	5,483,000	-	11,358,000
	Interest	7,593,500	6,672,412	-	14,265,912
2030	Principal	6,170,000	5,732,000	-	11,902,000
	Interest	7,299,750	6,423,318	-	13,723,068
2031	Principal	6,480,000	5,987,000	-	12,467,000
	Interest	6,991,250	6,171,654	-	13,162,904
2032	Principal	6,805,000	6,251,000	-	13,056,000
	Interest	6,667,250	5,908,044	-	12,575,294
2033	Principal	7,145,000	6,545,000	-	13,690,000
	Interest	6,327,000	5,619,912	-	11,946,912
2034	Principal	7,500,000	6,855,000	-	14,355,000
	Interest	5,969,750	5,306,738	-	11,276,488
2035	Principal	7,875,000	7,195,000	-	15,070,000
	Interest	5,594,750	4,966,625	-	10,561,375
2036	Principal	8,270,000	7,565,000	-	15,835,000
	Interest	5,201,000	4,597,625	-	9,798,625
2037	Principal	8,685,000	7,955,000	-	16,640,000
	Interest	4,787,500	4,209,625	-	8,997,125
2038	Principal	9,120,000	8,360,000	-	17,480,000
	Interest	4,353,250	3,801,750	-	8,155,000
2039	Principal	9,575,000	8,790,000	-	18,365,000
	Interest	3,897,250	3,373,000	-	7,270,250
2040	Principal	10,050,000	9,240,000	-	19,290,000
	Interest	3,418,500	2,922,250	-	6,340,750
2041	Principal	10,555,000	9,715,000	-	20,270,000
	Interest	2,916,000	2,448,375	-	5,364,375
2042	Principal	11,080,000	10,215,000	-	21,295,000
	Interest	2,388,250	1,950,125	-	4,338,375
2043	Principal	11,635,000	10,740,000	-	22,375,000
	Interest	1,834,250	1,426,250	-	3,260,500
2044	Principal	12,220,000	11,290,000	-	23,510,000
	Interest	1,252,500	875,500	-	2,128,000
2045	Principal	12,830,000	11,865,000	-	24,695,000
	Interest	641,500	296,625	-	938,125
Total Principal		200,660,000	229,271,000	9,410,000	439,341,000
Total Interest		176,310,000	160,037,713	766,950	337,114,663
Total Future Debt Payments		\$ 376,970,000	\$ 389,308,713	\$ 10,176,950	\$ 776,455,663

SEWERAGE AND WATER BOARD OF NEW ORLEANS
PROPERTY VALUE, NEW CONSTRUCTION AND BANK DEPOSITS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	New Commercial Construction (1)		New Residential Construction (1)		Bank deposits (2) (in thousands)	Estimated actual property value (3) (in thousands)
	Number of units	Value (in thousands)	Number of units	Value (in thousands)		
2008	1,929	550,895	1,215	160,387	10,553,556	20,698,664
2009	364	220,748	1,862	227,714	10,480,561	21,974,841
2010	349	549,906	1,102	160,331	12,175,831	
2011	365	266,981	1,047	161,875	10,024,118	
2012					10,862,390	
2013					15,738,913	
2014					16,043,233	
2015					11,211,760	
2016					16,706,112	
2017					16,701,964	

(1) City of New Orleans (2011 latest year for which information is available).

(2) Summary of Deposits (as of June 30, 2017) - bank branches located in New Orleans, Federal Depository Insurance Corporation.

(3) Source: City of New Orleans - Latest date available 2009

SEWERAGE AND WATER BOARD OF NEW ORLEANS
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years
(Unaudited)

		Year									
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Water:											
	Water lines (miles)	1,586	1,587	1,590	1,597	1,599	1,805	1,812	1,819	1,822	1,826
	Water manholes	29,673	29,741	29,957	30,150	30,194	30,297	30,402	30,463	30,508	30,586
	Water valves	29,255	29,277	29,366	29,611	29,521	29,629	29,730	29,791	30,508	29,940
	Fire hydrants	22,785	22,894	22,989	23,045	23,078	23,099	23,117	23,130	29,831	23,214
Sewer:											
	Sewers lines (miles)	1,507	1,512	1,518	1,519	1,520	1,536	1,547	1,561	1,568	1,585
	Sewer manholes	22,974	22,998	23,047	22,977	22,983	22,987	23,042	23,051	23,115	23,158

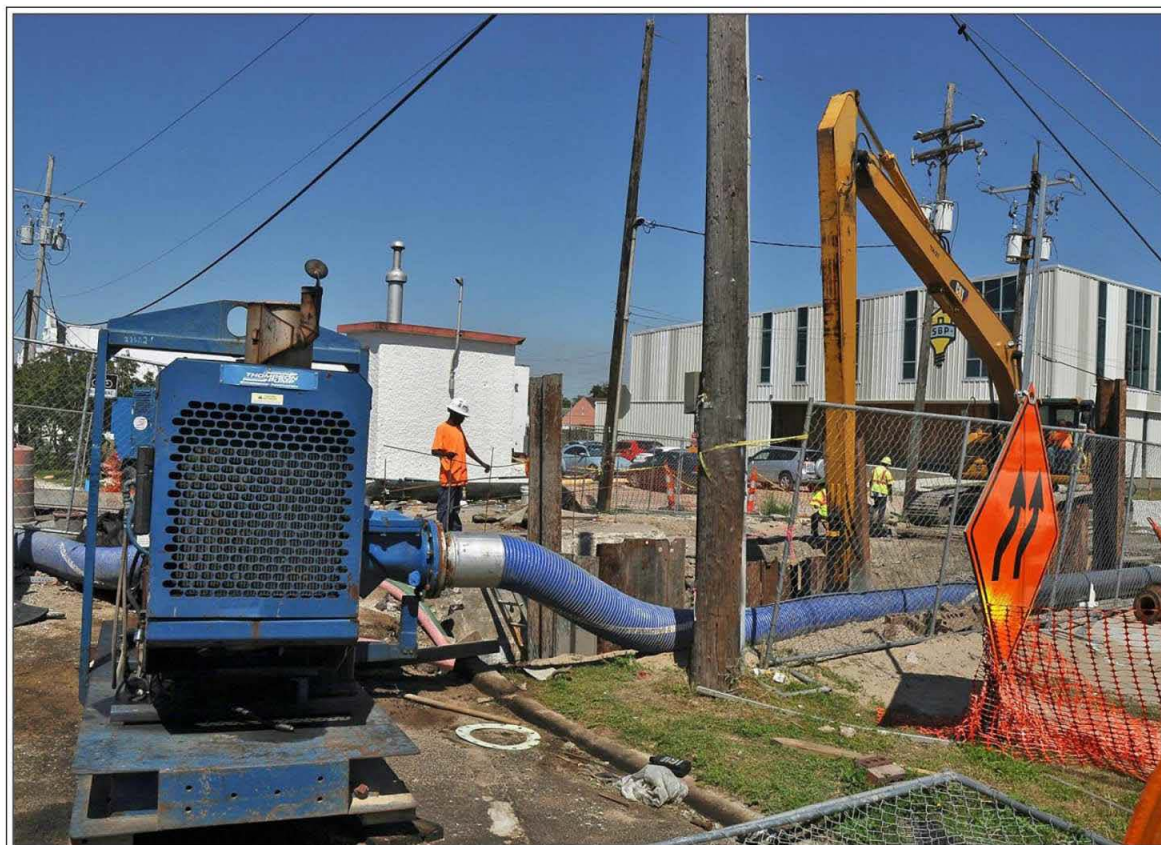
SEWERAGE AND WATER BOARD OF NEW ORLEANS
NUMBER OF ACTIVE EMPLOYEES
Last Ten Fiscal Years
(Unaudited)

Year	Number of Active Employees
2017	1495
2016	1108
2015	1183
2014	1060
2013	1025
2012	991
2011	994
2010	974
2009	964
2008	940

Source: Sewerage and Water Board of New Orleans.



The S&WB Onk Street Pumping Station Rehabilitation is part of the Hazard Mitigation Grant Program. The existing station has 4 pumps that pump water from the river to the S&WB Carrollton Water Plant to be treated. This construction will remove three pumps and replace them with brand new motors and pumps, along with new piping and auxiliaries. Completion is expected in 2019. However, high river levels can cause a delay in the construction outside the



This construction project of Sewer Pump Station 8 is the final station rehabilitation in a set of 9 stations that were completely upgraded and rebuilt. The Sewer Pump Station upgrade is financed through a \$8 million Hazard Mitigation Grant . This final rehabilitation is set for completion in November of 2018.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2017

ACTUAL CAPITAL EXPENDITURES

WATER DEPARTMENT

C.P.# WATERWORKS

110	Normal Extension & Replacement	\$	7,489,396.59
156	Advanced Water Treatment (Carrollton)		648,925.47
175	Water Hurricane Recovery Bonds		10,350,421.87
180	FEMA Review of Change Orders - Water		23,902,425.07
TOTAL WATERWORKS		\$	42,391,169.00

WATER DISTRIBUTION

214	Normal Extension & Replacement	\$	4,351,364.66
216	Water System Replacement Program		253,874.75
239	Mains DPW Contracts		2,570,548.80
TOTAL WATER DISTRIBUTION		\$	7,175,788.21

POWER PROJECTS AND GENERAL BUDGET

600	Water Share of Power Projects	\$	17,273,344.74
700	Water Reserve for Emergencies		5,074,498.66
800	Water Share of General Budget Items		12,177,338.29
GENERAL BUDGET		\$	34,525,181.69
TOTAL WATER DEPARTMENT		\$	84,092,138.90

NOTE: These figures do not include proration of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2017

ACTUAL CAPITAL EXPENDITURES**SEWERAGE DEPARTMENT**

<u>C.P.#</u>	<u>SEWERAGE SYSTEM</u>		
313	Ext. & Replace - Sewer ForceMains EPA Consent & Decree	\$	123,664.26
317	Normal Extensions & Replacement of Gravity Mains		24,121,231.13
318	Rehabilitation Gravity Sewer System		6,279,805.84
326	Ext. Rep to plumbing Stations EPA Consent Deree		623,695.85
339	Main in Streets Dept. Contracts		959,123.90
348	Normal Extensions & Replacements		4,546,135.77
360	SELA Sewerage Relocation Costs		2,858,250.00
368	Wetlands Assimilation Project		177,511.23
375	Sewerage Hurricane Recovery Bonds		684,395.34
380	FEMA Review of Change Orders-Sewer		10,203,715.09
	TOTAL SEWERAGE SYSTEM	\$	50,577,528.41
 <u>POWER PROJECTS AND GENERAL BUDGET</u>			
600	Sewerage Share of Power Projects	\$	13,593,257.29
800	Sewerage Share of General Budget Items		11,878,162.89
	TOTAL GENERAL BUDGET	\$	25,471,420.18
	TOTAL SEWERAGE DEPARTMENT	\$	76,048,948.59

NOTE: These figures do not include proration of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2017

ACTUAL CAPITAL EXPENDITURES

DRAINAGE DEPARTMENT

<u>C.P.#</u>	<u>CANALS</u>	
418	Normal Extension & Replacements	\$ 53,314.53
439	Major Drainage Participation in DPW Projects	602,735.88
466	Louisiana Avenue Canal (SELA)	9,571,511.18
471	SELA Program Management	1,838,486.82
478	S. Claiborne-Lowerline to Monticello Street	144,721.00
480	FEMA Review of Change Orders-Drainage	7,129,226.57
486	Napoleon Avenue Canal Improvements (SELA-B)	13,414.82
497	Florida Ave. Canal - DPS#19 to Peoples Ave. (SELA-B)	1,477,023.57
498	Dwyer Intake Canal (St. Charles to Dwyer (DPS)(SELA-A)	49,722.44
499	Jefferson Avenue Canal	139,974.68
	TOTAL DRAINAGE CANALS	\$ 21,020,131.49
	<u>PUMPING STATIONS</u>	
511	Normal Extension & Rep./Stations	\$ 361,274.58
535	DPS #6 Improvements	5,262,700.86
575	Drainage Hurricane Recovery Bonds	(326,001.45)
	TOTAL DRAINAGE PUMPING STATIONS	\$ 5,297,973.99
	<u>POWER PROJECTS AND GENERAL BUDGET</u>	
600	Drainage Share of Power Projects	\$ 15,673,355.30
700	Drainage Reserve for Emergencies	113,762.00
800	Drainage Share of General Budget Items	10,279,755.90
	TOTAL GENERAL BUDGET	\$ 26,066,873.20
	TOTAL DRAINAGE DEPARTMENT	\$ 52,384,978.68

NOTE: These figures do not include proration of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
December 31, 2017
ACTUAL CAPITAL EXPENDITURES

<u>POWER PROJECTS</u>					
<u>C.P.#</u>	<u>POWER PROJECTS</u>	<u>Water</u>	<u>Sewerage</u>	<u>Drainage</u>	<u>Total</u>
<u>612</u>	Furnish Generators for Drainage Facilities	\$ -	\$ -	\$ 556,004.00	\$ 556,004.00
<u>613</u>	Modification of Steam System	84,537.71	50,722.63	33,815.08	
624	Extension and Replacements to Electrical System	2,365,394.88	1,797,187.92	1,987,657.31	6,150,240.11
676	Modification to Power Generating System (HMGP)	14,823,412.15	11,745,346.74	13,095,878.91	39,664,637.80
701	Water Reserve for Emergencies	5,074,498.66			5,074,498.66
703	Drainage Reserve for Emergencies			113,762.00	113,762.00
TOTAL POWER PROJECTS		<u>\$ 22,347,843.40</u>	<u>\$ 13,542,534.66</u>	<u>\$ 15,197,298.22</u>	<u>\$ 51,559,142.57</u>

NOTE: These figures do not include proration of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2017

ACTUAL CAPITAL EXPENDITURES

IV-5

<u>GENERAL BUDGET ITEMS</u>					
<u>C.P.#</u>	<u>General Budget Items</u>	<u>Water</u>	<u>Sewerage</u>	<u>Drainage</u>	<u>Total</u>
807	Improvements to Central Yard and St. Joseph St.	\$ 424,232.11	\$ 424,232.09	\$ 295,988.81	\$ 1,144,453.01
810	Major Equipment Purchases	3,804,340.87	3,804,341.04	3,804,340.87	11,413,022.78
812	Computer Systems Development	1,372,933.66	1,372,933.63	920,792.78	3,666,660.07
820	Overhead Charged to Capital	5,425,378.29	5,241,659.79	4,276,652.09	14,943,690.17
823	Purchase of Water Meters	95,950.31	95,950.27		191,900.58
824	Meter Boxes and Meter Parts	406,563.81	406,563.69		813,127.50
843	Minor Equipment Purchases	398,450.78	396,322.60	390,719.78	1,185,493.16
862	Fire Hydrants and Related Parts	133,544.00	27,610.00		161,154.00
875	Project Delivery Unit Expenses	115,944.46	108,549.78	108,549.76	333,044.00
879	Green Infrastructure			482,711.81	482,711.81
	TOTAL GENERAL BUDGET ITEMS	<u>\$12,177,338.29</u>	<u>\$11,878,162.89</u>	<u>\$10,279,755.90</u>	<u>\$ 34,335,257.08</u>

NOTE: These figures do not include proration of interest expense.

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
ANALYSIS OF PUMPING AND POWER DEPARTMENT
POWER PURCHASED AND PRODUCED
NATURAL GAS AND FUEL OIL CONSUMED
TEN YEARS 2008 THROUGH 2017**

YEAR	ELECTRIC POWER PURCHASED		ELECTRIC & STEAM POWER GENERATED BY THE S&WB		NATURAL GAS & FUEL OIL USED TO GENERATE ELECTRIC & STEAM POWER			
	KW-HRS	\$ AMOUNT	KW-HRS	\$ AMOUNT	NATURAL GAS		FUEL OIL	
					MCF	\$ AMOUNT	GALLONS	\$ AMOUNT
2008	62,579,355	\$7,051,655	40,407,984	\$19,125,397	1,535,660	\$18,895,716	85,222	\$229,681
2009	67,889,778	\$6,422,589	37,716,720	\$10,651,094	1,449,540	\$10,651,094	0	\$0
2010	70,609,461	\$6,653,752	39,090,720	\$9,719,013	1,332,770	\$9,669,414	12,883	\$49,600
2011	70,049,094	\$6,180,373	27,351,600	\$10,721,624	1,552,330	\$10,721,356	315	\$268
2012	63,873,900	\$5,941,992	44,819,460	\$9,180,160	1,605,720	\$9,174,678	1,459	\$5,482
2013	67,980,940	\$6,725,811	35,005,422	\$11,648,150	1,830,890	\$11,648,148	9	\$34
2014	68,632,618	\$7,052,078	32,407,296	\$12,442,213	1,643,347	\$12,442,282	9	\$69
2015	73,123,062	\$6,660,862	29,217,520	\$9,483,132	1,780,110	\$9,483,132	0	\$0
2016	69,736,118	\$7,081,051	33,182,519	\$9,082,988	1,854,370	\$9,082,988	0	\$0
2017	70,728,827	\$7,969,494	32,540,663	\$10,183,627	1,817,671	\$10,183,627	84,040	\$252,120
TOTALS	685,203,153	\$67,739,657	351,739,904	\$112,237,397	16,402,408	\$111,952,434	183,937	\$537,253

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
POWER PURCHASED AND PRODUCED
NATURAL GAS AND FUEL OIL CONSUMED - 2017**

	KW-HOURS	COST
ELECTRIC POWER PURCHASED	70,728,827	\$7,969,494.10
ELECTRIC AND STEAM POWER GENERATED BY THE S.& W.B.*	32,540,663	\$10,183,626.50
TOTAL	103,269,490	\$18,153,120.60

NOTE: *NATURAL GAS CONSUMED IN OPERATION WAS 18,176,718 CCF
AT A COST OF \$10,183,626.50. FUEL OIL CONSUMED WAS 84,040 GALLONS
AT A COST OF \$252,120

SEWERAGE AND WATER BORD OF NEW ORLANS

GALLONS METERED - PAY WATER CONSUMPTION

December 31, 2017

Month	Consumption
January	1,685,161,800
February	1,622,348,500
March	2,024,864,900
April	1,695,420,000
May	1,568,652,100
June	1,399,833,500
July	1,465,742,200
August	1,612,176,300
September	1,456,210,300
October	1,411,143,300
November	2,097,913,300
December	1,210,915,200
	<u>19,250,381,400</u>

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
MONTHLY WATER CHARGES COLLECTED - 2017**

<u>Months</u>	<u>Water Service Charges & Fees</u>	<u>Delinquent Fees</u>	<u>Total</u>
January	\$5,647,757.03	-	\$5,647,757.03
February	6,279,744.04	-	6,279,744.04
March	7,548,554.32	264,099.81	7,812,654.13
April	7,049,582.44	242,989.97	7,292,572.41
May	7,152,699.06	256,303.36	7,409,002.42
June	5,852,693.45	200,888.29	6,053,581.74
July	7,595,428.49	194,169.37	7,789,597.86
August	7,543,021.66	196,710.33	7,739,731.99
September	7,319,129.38	236,968.88	7,556,098.26
October	5,703,932.85	-	5,703,932.85
November	8,627,570.96	-	8,627,570.96
December	7,775,044.76	-	7,775,044.76
	<u>\$84,095,158.44</u>	<u>\$1,592,130.01</u>	<u>\$85,687,288.45</u>

**SEWERAGE AND WATER BOARD OF NEW ORLEANS
MONTHLY SEWERAGE CHARGES COLLECTED - 2017**

<u>Months</u>	<u>Sewerage Service Charges</u>	<u>Delinquent Fees</u>	<u>Total</u>
January	\$6,560,093.60	-	\$6,560,093.60
February	8,580,158.16	-	8,580,158.16
March	8,768,632.45	319,815.00	9,088,447.45
April	8,524,375.05	274,557.46	8,798,932.51
May	8,497,361.81	311,279.46	8,808,641.27
June	9,037,545.34	232,600.99	9,270,146.33
July	8,524,375.05	232,872.13	8,757,247.18
August	9,041,910.98	235,174.46	9,277,085.44
September	8,710,598.74	272,443.61	8,983,042.35
October	6,759,305.10	-	6,759,305.10
November	8,459,313.18	-	8,459,313.18
December	9,880,232.19	-	9,880,232.19
	<u>\$101,343,901.65</u>	<u>\$1,878,743.11</u>	<u>\$103,222,644.76</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2017

TABLE I

CARROLLTON TURBIDITIES

	River (NTU)					Effluent Settling Reservoirs (NTU)					Filters (NTU)				
	2014	2015	2016	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
Maximum	281	277	273	271	345	9.3	12	6.9	14	10	0.25	0.24	0.21	0.31	0.33
Minimum	5	8	7	13	6	0.8	0.9	1.0	0.9	1.0	0.07	0.05	0.07	0.07	0.04
Average	70	75	71	63	86	2.8	2.7	2.3	2.9	2.8	0.11	0.11	0.10	0.13	0.13

TABLE II

CARROLLTON ALKALINITIES

PARTS PER MILLION

	River					Effluent Settling Reservoirs					Filters				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
Maximum	139	146	160	201	161	127	140	160	205	152	144	157	190	230	188
Minimum	72	75	75	81	95	53	54	56	60	74	74	78	82	87	104
Average	101	109	116	130	124	89	93	105	118	113	115	120	128	146	139

TABLE II A

CARROLLTON HARDNESS

PARTS PER MILLION

	NON-CARBONATE HARDNESS										TOTAL HARDNESS									
	RIVER					FILTERS					RIVER					FILTERS				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
Maximum	86	74	90	86	79	93	101	81	102	132	188	211	233	272	211	206	225	245	304	245
Minimum	18	14	14	12	21	23	25	12	11	20	101	91	106	108	127	115	132	115	127	142
Average	40	46	43	40	42	49	57	51	48	49	141	155	159	169	166	164	177	178	197	189

TABLE III

CARROLLTON BACTERIAL CHARACTERISTICS

TOTAL COLIFORM ANALYSIS

2016	River	Plant Tap	Distribution System
Maximum (Colonies / 100 ml)	1,600	2	110
Minimum (Colonies / 100 ml)	28	0	0
Average (colonies / 100 ml)	600	0	0
Number of Samples	225	365	1,920
Number of Samples Negative	0	363	1,912
Number of Samples Positive	225	2	8*

* None of these eight total coliform positive samples was *E. coli* positive, and none resulted in a violation of the Total Coliform Rule.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2017

TABLE IV-A

PRINCIPLE RESULTS OF OPERATION OF THE G3 CONVENTIONAL UNIT AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING: December 31, 2017

1	2	3	4	5	6	7	8	9	10	11	12	13
Month		Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total Pounds of Polymer used at Intake	Polymer at Intake Parts Per Million	Total Pounds of Polymer used in Plant	Polymer in Plant Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Pure Iron (Fe) Parts Per Million	NTU Turbidity of River Water	PPM Alkalinity of River Water	NTU Turbidity of Unit Effluent
January	Max. Min. Avg.											
February	Max. Min. Avg.											
March	Max. Min. Avg.											
April	Max. Min. Avg.											
May	Max. Min. Avg.											
June	Max. Min. Avg.											
July	Max. Min. Avg.											
August	Max. Min. Avg.											
September	Max. Min. Avg.											
October	Max. Min. Avg.											
November	Max. Min. Avg.											
December	Max. Min. Avg.											
Total												
General	Max. Min. Avg.											

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2017

TABLE IV-B

PRINCIPLE RESULTS OF OPERATION OF THE G4 CONVENTIONAL UNIT AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING: December 31, 2017

1	2	3	4	5	6	7	8	9	10	11	12	13
Month		Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total Pounds of Polymer used at Intake	Polymer at Intake Parts Per Million	Total Pounds of Polymer used in Plant	Polymer in Plant Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Pure Iron (Fe) Parts Per Million	NTU Turbidity of River Water	PPM Alkalinity of River Water	NTU Turbidity of Unit Effluent
January	Max. Min. Avg.	2,165.82	76.00 24.00 69.87			80,600	4.83 3.97 4.37	93,867	5.64 4.61 5.09	237 65 141	161 105 124	8.6 3.3 5.0
February	Max. Min. Avg.	2,149.86	83.92 71.54 76.78			81,661	4.87 3.93 4.57	95,803	5.71 4.64 5.35	230 31 93	135 108 120	8.2 1.8 4.0
March	Max. Min. Avg.	2,388.67	84.38 73.50 78.12			82,630	4.84 3.45 4.05	98,141	7.69 4.04 4.74	151 29 76	147 102 124	10.0 1.8 3.7
April	Max. Min. Avg.	2,495.04	88.50 75.17 83.17			94,561	4.79 4.26 4.55	110,880	5.63 4.91 5.33	273 50 130	134 109 122	3.5 1.0 2.5
May	Max. Min. Avg.	2,576.46	87.17 83.88 85.83			98,007	4.94 4.57 4.68	115,264	5.70 5.40 5.53	345 43 194	135 95 111	4.9 1.0 2.6
June	Max. Min. Avg.	2,314.42	79.50 74.42 76.89			78,763	4.35 3.91 4.09	91,889	5.08 4.55 4.78	63 30 39	135 105 117	3.9 1.4 2.6
July	Max. Min. Avg.	2,424.50	82.92 72.71 78.21			81,791	4.33 3.69 4.05	95,968	5.07 4.31 4.75	231 43 97	136 110 122	5.9 1.2 2.6
August	Max. Min. Avg.	2,410.71	81.50 77.46 78.75			70,984	4.38 3.71 4.05	83,056	5.14 4.35 4.75	69 20 38	140 114 124	4.0 1.8 2.8
September	Max. Min. Avg.	2,383.82	82.75 73.08 79.46			60,653	3.25 2.92 3.05	70,581	3.78 3.39 3.55	146 11 48	138 105 119	5.5 1.2 2.7
October	Max. Min. Avg.	2,522.50	84.38 78.17 81.37			66,756	3.71 2.88 3.17	77,683	4.35 3.35 3.69	114 6 19	155 104 139	4.1 1.0 2.2
November	Max. Min. Avg.	2,473.88	85.13 79.96 82.46			74,535	3.84 3.36 3.61	87,624	4.51 4.03 4.25	283 35 102	141 120 132	4.4 1.4 2.8
December	Max. Min. Avg.	2,554.07	86.75 77.46 82.39			76,076	3.84 3.30 3.57	88,354	4.46 3.81 4.15	180 13 60	152 95 139	4.9 1.4 3.1
Total		28,859.75				947,016		1,109,109				
General	Max. Min. Avg.	2,576.46 2,149.86 2,404.98	88.50 24.00 79.07			98,007 60,653 78,918	4.94 2.88 3.99	115,264 70,581 92,426	7.69 3.35 4.73	345 6 86	161 95 124	10.0 1.0 3.0

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2017

TABLE IV-C

PRINCIPLE RESULTS OF OPERATION OF THE L3 CONVENTIONAL UNIT AT THE CARROLLTON WATER
PURIFICATION PLANT FOR THE YEAR ENDING: December 31, 2017

1	2	3	4	5	6	7	8	9	10	11	12	13
Month		Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total Pounds of Polymer used at Intake	Polymer at Intake Parts Per Million	Total Pounds of Polymer used in Plant	Polymer in Plant Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Pure Iron (Fe) Parts Per Million	NTU Turbidity of River Water	PPM Alkalinity of River Water	NTU Turbidity of Unit Effluent
January	Max. Min. Avg.											
February	Max. Min. Avg.											
March	Max. Min. Avg.											
April	Max. Min. Avg.											
May	Max. Min. Avg.											
June	Max. Min. Avg.											
July	Max. Min. Avg.											
August	Max. Min. Avg.											
September	Max. Min. Avg.											
October	Max. Min. Avg.											
November	Max. Min. Avg.	960.50	61.75 57.29 60.03			23,836	3.12 2.84 2.98	27,085	3.55 3.23 3.38	283 35 102	141 120 132	3.6 1.2 2.4
December	Max. Min. Avg.	1,914.47	66.67 56.67 61.76			47,856	3.51 2.26 3.00	54,408	3.98 3.24 3.41	180 13 60	152 122 139	4.3 1.5 2.6
Total		2,874.97				71,692		81,493				
General	Max. Min. Avg.	1,914.47 960.50 1,437.48	66.67 56.67 61.17			47,856 23,836 35,846	3.51 2.26 2.95	54,408 27,085 40,746	3.98 3.23 3.46	283 13 81	152 120 136	4.3 1.2 2.5

Note: L3 Basin in service from 11/15/17 through 12/31/17

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2017

TABLE IV-D

PRINCIPLE RESULTS OF OPERATION OF THE L4 CONVENTIONAL UNIT AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING: December 31, 2017

1	2	3	4	5	6	7	8	9	10	13	14	15
Month		Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total pounds of Polymer used at Intake	Polymer at Intake Parts Per Million	Total Pounds of Polymer used in Plant	Polymer in Plant Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Pure Iron (Fe) Parts Per Million	NTU Turbidity of River Water	PPM Alkalinity of River Water	NTU Turbidity of Unit Effluent
January	Max. Min. Avg.	2,066.22	73.88 56.50 66.65			67,935	4.38 3.50 3.95	75,133	4.92 3.64 4.37	237 65 141	161 105 124	8.6 3.3 5.0
February	Max. Min. Avg.	1,713.42	71.54 55.92 63.25			57,540	4.61 3.75 4.00	64,533	5.17 4.21 4.49	230 31 93	135 108 120	8.2 1.8 4.0
March	Max. Min. Avg.	2,028.52	72.19 53.58 65.44			66,705	4.56 3.14 3.93	74,969	5.18 3.53 4.41	151 29 76	147 102 124	10.0 1.8 3.7
April	Max. Min. Avg.	1,645.92	66.21 49.04 55.63			65,042	5.30 4.38 4.68	73,258	6.10 4.92 5.25	273 50 130	134 109 122	3.5 1.0 2.5
May	Max. Min. Avg.	1,561.96	57.38 42.29 50.39			61,082	5.31 4.18 4.70	69,156	5.97 4.77 5.32	345 43 194	135 95 111	4.9 1.0 2.6
June	Max. Min. Avg.	1,721.63	63.88 52.33 57.39			54,936	5.31 3.34 3.88	63,013	5.22 3.84 4.39	63 30 39	135 105 117	3.9 1.4 2.6
July	Max. Min. Avg.	1,848.42	69.88 50.17 59.63			54,695	4.26 3.34 3.55	63,047	4.89 3.70 4.10	231 43 97	136 110 122	5.9 1.2 2.6
August	Max. Min. Avg.	1,803.87	69.79 52.13 58.83			43,029	3.56 2.77 3.01	49,684	4.10 3.20 3.47	69 20 38	140 114 124	4.0 1.8 2.8
September	Max. Min. Avg.	1,814.88	63.46 57.83 61.42			37,701	2.70 2.31 2.49	43,477	3.11 2.66 2.87	146 11 48	138 105 119	5.5 1.2 2.7
October	Max. Min. Avg.	1,873.08	65.04 51.54 60.36			39,880	3.07 2.26 2.49	46,281	3.73 2.61 2.87	114 6 19	155 104 139	4.1 1.0 2.2
November	Max. Min. Avg.	835.38	61.67 58.29 59.67			20,929	3.09 2.90 3.00	23,806	3.52 3.30 3.42	283 35 102	141 120 132	4.4 1.4 2.8
December	Max. Min. Avg.											
Total		18,913.29				569,476		646,356				
General	Max. Min. Avg.	2,066.22 835.38 1,719.39	73.88 42.29 59.92			67,935 20,929 51,771	5.31 2.26 3.69	75,133 23,806 58,760	6.10 2.61 4.16	345 6 89	161 95 123	10.0 1.0 3.0

SEWERAGE AND WATER BOARD OF NEW ORLEANS
December 31, 2017

TABLE IV-E

**MONTHLY SUMMARY OF COMBINED OPERATION OF CONVENTIONAL UNITS AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE
YEAR ENDING: December 31, 2017**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
Month		Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total pounds of Polymer used at Intake	Total Pounds of Polymer used in Plant	Total Pounds of Fluoride (100%) used During Month	Fluoride Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Total Pounds of Lime Used During Month	Lime Parts per Million	Total Pounds of Chlorine Used During Month	Chlorine Parts Per Million	Total Pounds of Anhydrous Ammonia Used During Month	Ammonia Parts Per Million	Total Pounds of Polyphosphate Used During Month	Polyphosphate Parts Per Million	Alkalinity of Filtered Water Parts Per Million (OFE)	Estimated High Lift Pumpage	
																		Total M.G.	M.G.D.
January	Max. Min. Avg.	4,277.66	143.04 131.67 137.99	0	148,535	14,615	0.49 0.38 0.41	168,999	765,380	25.40 15.65 21.48	172,892	5.02 4.63 4.85	40,302	1.21 0.86 1.13	26,911	0.78 0.72 0.75	188 122 140	4,234.10	144.92 116.21 136.58
February	Max. Min. Avg.	3,863.32	146.87 127.83 137.98	0	139,201	13,224	0.48 0.39 0.41	160,335	641,478	27.79 14.12 19.99	161,056	5.41 4.37 5.00	38,345	1.28 1.08 1.19	24,511	0.82 0.66 0.76	153 124 136	3,870.33	143.38 133.25 138.23
March	Max. Min. Avg.	4,417.23	149.19 137.17 142.49	0	149,335	14,562	0.46 0.39 0.41	173,110	483,520	15.68 10.55 13.13	178,437	5.11 4.39 4.86	42,515	1.21 1.02 1.15	27,584	0.78 0.67 0.75	171 108 138	4,241.29	143.17 122.88 136.82
April	Max. Min. Avg.	4,140.96	142.83 132.04 138.03	0	159,604	14,498	0.46 0.39 0.42	184,138	603,785	22.99 14.03 17.48	171,490	5.22 4.63 4.97	40,864	1.24 1.10 1.18	26,676	0.80 0.74 0.77	148 117 132	4,131.46	142.33 132.88 137.72
May	Max. Min. Avg.	4,138.42	139.04 128.29 133.50	0	159,088	15,603	0.47 0.41 0.45	184,420	654,851	21.85 15.84 18.97	180,492	5.56 4.89 5.23	42,829	1.32 1.12 1.24	26,814	0.81 0.75 0.78	149 104 124	4,146.50	139.83 128.00 133.76
June	Max. Min. Avg.	4,036.05	142.00 128.71 134.54	0	133,699	15,525	0.49 0.43 0.46	154,902	667,270	23.61 15.44 19.82	181,137	5.57 5.17 5.36	42,583	1.32 1.22 1.26	25,928	0.81 0.75 0.77	146 117 132	4,074.38	144.04 123.83 135.81
July	Max. Min. Avg.	4,272.96	145.21 131.71 137.84	0	136,487	16,618	7.00 0.44 0.68	159,016	745,513	23.18 19.08 20.92	198,271	5.92 5.22 5.57	45,435	1.35 1.20 1.28	27,397	7.00 0.71 0.97	146 125 135	4,244.29	141.92 132.75 136.91
August	Max. Min. Avg.	4,238.76	142.50 125.13 136.73	0	114,013	16,325	0.51 0.00 0.46	132,740	723,853	26.53 17.94 20.49	200,037	5.95 5.43 5.66	45,745	1.36 1.25 1.30	25,337	0.81 0.74 0.77	156 118 138	4,101.79	139.79 124.04 132.32
September	Max. Min. Avg.	4,195.41	144.13 134.63 139.85	0	98,355	15,941	0.51 0.47 0.49	114,058	716,856	22.18 18.37 20.47	186,903	5.82 5.08 5.34	42,863	1.34 1.17 1.22	26,583	0.80 0.46 0.76	156 127 152	3,901.21	136.67 123.63 130.04
October	Max. Min. Avg.	4,395.60	145.71 129.88 141.79	0	106,635	16,373	0.50 0.44 0.47	123,964	737,152	21.44 18.66 20.11	189,014	5.36 4.87 5.16	43,248	1.24 1.11 1.18	27,724	0.79 0.72 0.77	157 131 147	4,181.17	141.21 127.75 134.88
November	Max. Min. Avg.	4,269.76	145.13 138.54 142.33	0	119,300	15,406	0.50 0.43 0.46	138,514	711,962	25.04 14.15 19.99	174,533	5.46 4.46 4.90	42,094	5.00 1.11 1.31	27,501	0.81 0.76 0.77	157 131 147	4,049.21	140.33 128.08 134.97
December	Max. Min. Avg.	4,468.55	148.21 137.71 144.15	0	123,932	15,630	0.48 0.41 0.44	142,762	419,090	19.53 4.58 11.26	158,399	4.57 4.03 4.25	38,511	1.14 0.47 1.03	28,786	0.86 0.75 0.77	173 138 156	4,258.79	144.92 126.88 137.38
Total		50,714.68		0	1,588,184	184,321		1,836,958	7,870,710		2,152,661		505,335		321,753			49,434.5	
General	Max. Min. Avg.	4,468.55 3,863.32 4,226.22	149.19 125.13 138.94	0 0 0	159,604 98,355 132,349	16,618 13,224 15,360	7.00 0.00 0.44	184,420 114,058 153,080	765,380 419,090 655,893	27.79 4.58 18.61	200,037 158,399 179,388	5.95 4.03 5.09	45,745 38,345 42,111	5.00 0.47 1.19	28,786 24,511 26,813	7.00 0.46 0.76	188 104 139	4,258.79 3,870.33 4,119.54	144.92 116.21 135.44

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2017

TABLE V

PRINCIPLE RESULTS OF OPERATION OF THE ALGIERS WATER PURIFICATION PLANT FOR THE YEAR ENDING: December 31, 2017

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
Month		Low Lift Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total Pounds of Polyelec- trolyte Used During	Polyelec- trolyte Parts Per Million	Total Pounds of Fluoride (100%) Used During	Fluoride Parts Per Million	Total Pounds of Pure Iron (Fe) used During Month	Pure Iron (Fe) Parts Per Million	Total Pounds of Lime Used During Month	Lime Parts Per Million	Total Pounds of Anhydrous Ammonia Used During	Anhydrous Ammonia Parts Per Million	Total Pounds Chlorine Used During Month	Chlorine Parts Per Million	Total Pounds Polyphos- phate Used During Month	Polyphos- phate Parts Per Million	NTU Turbidity of Clarifier Effluent	PPM Clear Well Alkalinity of Filter Effluent	High Lift Pumpage	
																				Total M.G.D.	M.G.D.
January	Max. Min. Avg.	300.25	12.00 8.00 9.69	11,313	4.56 4.44 4.52	1,314	0.55 0.49 0.53	13,530	6.60 4.56 5.41	75,925	50.07 16.51 30.35	1,951	0.83 0.73 0.78	11,838	5.20 4.08 4.73	1,900	0.96 0.50 0.76	7.5 1.1 2.5	116 70 94	276.88	9.70 8.07 8.93
February	Max. Min. Avg.	276.17	11.83 8.25 9.86	10,397	4.56 4.51 4.52	1,354	0.55 0.53 0.55	12,100	6.33 4.56 5.24	69,375	35.11 25.04 30.13	1,976	0.88 0.83 0.86	12,498	6.12 5.20 5.43	1,634	0.94 0.60 0.71	5.4 0.6 1.9	93 74 85	249.01	10.78 8.53 8.89
March	Max. Min. Avg.	299.93	11.08 8.00 9.68	11,321	4.65 4.50 4.53	1,359	0.56 0.52 0.54	14,630	6.59 5.28 5.91	90,040	44.96 25.12 36.08	2,162	0.89 0.84 0.86	12,840	5.37 3.99 5.14	1,866	1.00 0.60 0.74	5.6 0.6 2.5	93 68 85	279.75	9.51 8.42 9.02
April	Max. Min. Avg.	293.86	12.00 8.38 9.80	11,089	4.59 4.20 4.52	1,354	0.60 0.52 0.55	14,740	6.94 4.72 6.02	86,294	45.08 24.94 35.21	2,723	1.24 0.89 1.11	13,001	5.60 4.57 5.32	1,950	0.94 0.54 0.79	8.8 0.6 2.1	96 71 80	272.87	9.88 8.30 9.10
May	Max. Min. Avg.	319.55	13.67 8.00 10.31	12,124	4.59 4.21 4.54	1,523	0.63 0.55 0.57	16,830	7.33 5.55 6.33	90,966	43.88 24.94 34.43	3,173	1.29 1.13 1.23	16,946	6.17 5.06 5.78	2,150	1.26 0.59 0.81	4.8 0.8 2.2	88 53 72	287.66	10.97 8.38 9.28
June	Max. Min. Avg.	295.84	12.00 8.00 9.86	11,251	4.94 4.52 4.56	1,510	0.75 0.52 0.62	15,620	6.88 5.55 6.32	101,655	50.00 29.86 41.28	3,034	1.38 1.18 1.23	14,825	6.61 5.74 6.01	2,035	1.29 0.53 0.83	4.7 0.3 2.1	92 52 68	270.99	10.43 8.53 9.03
July	Max. Min. Avg.	317.00	12.00 8.00 10.23	12,055	4.59 4.52 4.56	1,662	0.71 0.57 0.63	17,270	7.07 5.82 6.53	107,587	50.12 24.94 40.81	3,549	1.53 1.22 1.37	17,872	7.49 5.91 6.76	1,801	0.90 0.50 0.69	6.7 0.5 2.4	88 60 74	299.00	10.58 8.88 9.65
August	Max. Min. Avg.	318.32	12.00 8.17 10.27	12,069	4.59 4.31 4.55	1,658	0.69 0.59 0.63	17,409	8.31 5.37 6.35	116,397	64.37 24.94 44.55	3,489	1.44 1.22 1.32	17,137	7.07 5.97 6.46	2,266	1.44 0.66 0.86	13.0 0.6 3.3	87 55 67	302.53	10.78 9.18 9.76
September	Max. Min. Avg.	335.01	13.25 8.83 11.17	12,675	4.59 4.50 4.55	1,922	0.75 0.63 0.69	15,670	6.59 4.99 5.60	118,930	60.01 27.46 42.97	3,398	1.35 1.12 1.22	16,636	6.57 5.53 5.97	2,200	1.05 0.50 0.79	13.0 0.5 2.7	75 51 64	304.35	11.67 9.22 10.15
October	Max. Min. Avg.	330.09	12.00 8.00 10.65	12,552	5.04 4.51 4.57	1,896	0.73 0.61 0.69	17,538	6.98 5.18 6.36	140,126	64.99 36.27 50.66	2,979	1.35 1.01 1.16	15,601	6.16 4.95 5.68	2,133	1.00 0.50 0.78	23.0 1.1 5.3	86 45 67	302.90	10.98 9.00 9.77
November	Max. Min. Avg.	331.33	13.67 8.00 11.04	12,570	4.96 4.48 4.57	1,712	0.72 0.52 0.62	17,916	7.33 5.50 6.48	118,698	61.40 25.32 43.92	2,799	1.18 0.84 1.05	14,925	7.67 4.77 5.42	2,067	1.01 0.50 0.76	8.6 1.7 3.3	103 79 91	306.98	11.28 9.17 10.23
December	Max. Min. Avg.	339.32	14.00 10.00 10.95	12,809	4.57 4.34 4.53	1,590	0.58 0.54 0.56	17,470	6.59 5.50 6.21	126,692	65.04 28.09 44.75	2,361	0.88 0.75 0.83	14,097	5.94 4.45 4.98	2,134	0.86 0.66 0.76	6.1 1.4 3.0	107 88 98	305.54	11.32 9.15 9.86
Total		3,756.67		142,225		18,854		190,723		1,242,685		33,594		178,216		24,136				3,458.46	
General	Max. Min. Avg.	339.32 276.17 313.06	14.00 8.00 10.29	12,809 10,397 11,852	5.04 4.20 4.54	1,922 1,314 1,571	0.75 0.49 0.60	17,916 12,100 15,894	8.31 4.56 6.09	140,126 69,375 103,557	65.04 16.51 39.66	3,549 1,951 2,800	1.53 0.73 1.07	17,872 11,838 14,851	7.67 3.99 5.69	2,266 1,634 2,011	1.44 0.50 0.77	23.0 0.3 2.8	116 45 79	306.98 249.01 288.21	11.67 8.07 9.48

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2017

TABLE VI-A

MONTHLY SUMMARY OF CARROLLTON WATER PURIFICATION PLANT FILTER OPERATIONS FOR THE YEAR ENDING: December 31, 2017

1	2	3		4		5		6		7		8		9		10		11	
Month		Total Million Gallons Water Filtered During Month		Total Number of Runs		Length of Runs in Hours		Million Gallons of Water Filtered Per Run		Million Gallons Per Day Per Filter		Total Amount in Million Gallons of Wash Water Used		Million Gallons of Wash Water Used Per Run		Percentage of wash Water Used Per Run		Million Gallons Filtered Per Acre Per Day	
		Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New
January	Max. Min. Avg.	1,487,265	2,659,110	68	61	168 159 176	245 140 195	25.336 13.917 21.872	60.719 27.816 43.592	2.985	5.367	22.800	39.600	0.335	0.649	2.41 1.32 1.53	2.33 1.07 1.49	90.655	89.066
February	Max. Min. Avg.	1,371,042	2,507,933	68	70	168 166 167	177 75 150	28.008 13.834 20.162	45.270 27.042 35.828	2.895	5.718	19.200	42.000	0.282	0.600	2.04 1.01 1.40	2.22 1.33 1.67	88.109	94.889
March	Max. Min. Avg.	1,445,886	2,703,892	73	74	196 95 167	192 68 154	27.841 13.917 19.806	54.204 15.585 36.539	2.846	5.694	20.700	44.400	0.283	0.600	2.03 1.01 1.42	3.85 1.11 1.64	86.632	94.486
April	Max. Min. Avg.	1,398,759	2,850,460	71	78	219 2 161	230 37 153	25.000 0.250 19.700	54.064 1.629 36.544	2.936	5.732	20.700	50.400	0.291	0.646	116.40 1.16 1.47	39.65 1.19 1.77	89.371	95.117
May	Max. Min. Avg.	1,500,827	2,650,245	76	76	172 16 161	293 97 170	21.375 5.750 19.747	69.628 22.229 34.872	2.943	4.923	21.900	49.200	0.288	0.647	5.01 1.34 1.45	2.91 0.93 1.86	89.584	81.692
June	Max. Min. Avg.	1,566,000	2,628,402	66	78	193 88 175	219 14 144	24.125 17.375 23.727	54.379 3.450 33.697	3.253	1.268	19.500	49.800	0.295	0.638	1.69 1.22 1.24	4.17 0.27 0.43	99.021	21.041
July	Max. Min. Avg.	1,319,609	2,863,531	68	78	334 67 161	193 35 152	41.875 8.500 19.406	53.334 7.630 36.712	2.892	5.797	20.700	51.600	0.304	0.662	3.58 0.72 1.56	8.68 1.24 1.80	88.032	96.195
August	Max. Min. Avg.	1,421,252	2,547,578	58	70	215 76 196	240 63 165	26.875 9.750 24.504	64.026 27.148 36.394	3.000	5.294	21.900	42.600	0.377	0.609	3.86 1.40 1.53	2.24 0.95 1.67	91.320	87.848
September	Max. Min. Avg.	1,401,486	2,479,964	75	76	214 41 150	241 46 132	26.750 6.125 18.686	56.104 8.988 32.631	2.992	5.934	21.900	45.600	0.292	0.600	4.77 1.09 1.56	6.68 1.07 1.84	91.083	98.471
October	Max. Min. Avg.	1,415,327	2,699,635	71	78	172 68 156	236 40 142	26.625 8.875 19.934	8.000 2.360 34.511	3.066	5.870	21.900	54.828	0.308	0.703	3.48 1.16 1.55	297.85 8.79 2.03	93.320	97.404
November	Max. Min. Avg.	1,158,641	2,581,848	68	74	207 74 165	216 70 149	32.625 9.750 17.039	46.472 17.713 34.890	2.474	5.612	20.200	43.200	0.699	0.584	7.16 2.14 4.10	3.30 1.26 1.67	75.308	93.120
December	Max. Min. Avg.	2,044,313	2,853,376	69	78	191 133 159	185 78 150	35.674 13.833 29.628	45.963 25.625 36.582	4.472	5.582	20.700	46.800	0.300	0.600	2.17 0.84 1.01	2.34 1.31 1.64	136.131	97.101
Total		17,530,407	32,025,974	831	891	5,428	5,286	718.196	1,232.270	36.754	62.791	252.100	560.028	4.054	7.538	188.83	416.25	1,118.766	1,046.431
General	Max. Min. Avg.	2,044,313 1,158,641 1,460,867	2,863,531 2,479,964 2,668,831	76 58 69	78 61 74	334 2 166	293 14 155	41.875 0.250 21.184	69.628 1.629 36.074	4.472 2.474 3.063	5.934 1.268 5.233	22.800 19.200 21.008	54.828 39.600 46.669	0.699 0.282 0.338	0.703 0.584 0.628	116.40 0.72 1.65	297.85 0.27 1.63	136.131 75.308 93.231	98.471 21.041 87.203

SEWERAGE AND WATER BOARD OF NEW ORLEANS
December 31, 2017

TABLE VI-B

MONTHLY SUMMARY OF ALGIERS FILTER OPERATIONS FOR THE YEAR ENDING: December 31, 2017

1	2	3	4	5	6	7	8	9	10
Month		Total Million Gallons Water Filtered During Month of Runs	Total Number of Runs	Length of Runs in Hours	Million Gallons of Water Filtered Per Run	Million Gallons Per Day Per Filter	Total Amount in Million Gallons of Wash Water Used	Million Gallons of Wash Water Used Per Run	Percentage of Wash Water Used Per Run
January	Max.	337.50	54	167	7.480	0.90	5.98	0.111	12.61
	Min.			23	0.878				1.48
	Avg.			167	6.250				1.77
February	Max.	308.68	48	167	7.645	0.92	5.14	0.107	6.43
	Min.			167	1.665				1.40
	Avg.			167	6.431				1.67
March	Max.	312.24	54	167	7.001	0.83	6.73	0.125	7.80
	Min.			167	1.598				1.78
	Avg.			167	5.782				2.16
April	Max.	284.98	48	167	7.455	0.85	5.64	0.118	6.81
	Min.			167	1.725				1.58
	Avg.			167	5.937				1.98
May	Max.	359.53	57	167	8.195	0.91	6.85	0.120	6.83
	Min.			167	1.759				1.47
	Avg.			167	6.308				1.90
June	Max.	303.68	51	167	7.616	0.86	5.99	0.118	6.54
	Min.			167	1.797				1.54
	Avg.			167	5.955				1.97
July	Max.	307.69	51	167	7.590	0.87	5.58	0.109	8.87
	Min.			167	1.234				1.44
	Avg.			167	6.033				1.81
August	Max.	327.65	57	191	7.567	0.87	6.99	0.123	9.09
	Min.			119	1.348				1.62
	Avg.			159	5.748				2.13
September	Max.	322.82	48	215	9.002	0.92	5.36	0.112	5.93
	Min.			167	1.882				1.24
	Avg.			175	6.726				1.66
October	Max.	333.98	54	167	7.703	0.89	6.80	0.126	6.75
	Min.			167	1.867				1.64
	Avg.			167	6.185				2.04
November	Max.	347.22	54	167	8.888	0.92	6.76	0.125	6.76
	Min.			167	1.853				1.41
	Avg.			167	6.430				1.95
December	Max.	338.87	48	167	9.736	1.01	5.42	0.113	6.12
	Min.			167	1.846				1.16
	Avg.			167	7.060				1.60
Total		3884.84	624.00	5892.00					
General	Max.	323.74	52.00	215.00	9.74	0.07	0.51	0.01	12.61
	Min.			23.00	0.88				1.16
	Avg.			167.00	6.24				1.89

SEWERASGE AND WATER BOARD OF NEW ORLEANS

December 31, 2017

TABLE VII

FIVE YEAR ANALYSIS COMPOSITE DATA (2013 - 2017) FOR NEW ORLEANS DRINKING WATER PURIFICATION SYSTEM

PARAMETER	MISSISSIPPI RIVER (Before Purification)			FINISHED WATER (After Purification)		
	MAX	MIN	AVG	MAX	MIN	AVG
Total Alkalinity (ppm as CaCO ₃)	201	72	116	210	78	128
Total Hardness (ppm as CaCO ₃)	272	91	158	300	116	179
Noncarbonate Hardness (ppm as CaCO ₃)	90	12	42	104	14	51
Calcium Hardness (ppm as CaCO ₃)	167	40	102	200	88	124
Magnesium Hardness (ppm as CaCO ₃)	118	17	56	151	5	55
Nephelometric Turbidity (NTU)	345	5.1	73	0.28	0.06	0.11
pH	8.26	7.00	7.66	9.42	7.76	8.87
Chloride (ppm)	50	14	29	54	19	32
Fluoride (ppm)	0.46	0.13	0.23	0.92	0.26	0.71
Total Dissolved Solids (ppm)	330	146	239	378	137	283
Total Suspended Solids (ppm)	396	7	105	-----	-----	-----
Free Chlorine Residual (ppm as Cl ₂)	-----	-----	-----	0.6	0.0	0.2
Total Chlorine Residual (ppm as Cl ₂)	-----	-----	-----	5.0	0.3	3.3
Ammonia (ppm as N)	-----	-----	-----	0.57	0.01	0.15
Nitrate + Nitrite (ppm as N) *	-----	-----	-----	3.0	1.0	1.6
Sulfate (ppm) *	-----	-----	-----	58	34.6	46
Conductivity (µS/cm)	682	230	418	700	244	473
Temperature (°F)	87	37	66	91	44	74
Aluminum (ppm) *	-----	-----	-----	0.01	0.00	0.01
Antimony (ppm) *	-----	-----	-----	0.000	0.000	0.000
Arsenic (ppm) *	-----	-----	-----	0.000	0.000	0.000
Barium (ppm) *	-----	-----	-----	0.050	0.042	0.028
Beryllium (ppm) *	-----	-----	-----	0.000	0.000	0.000
Cadmium (ppm) *	-----	-----	-----	0.000	0.000	0.000
Chromium (ppm) *	-----	-----	-----	0.000	0.000	0.000
Copper (ppm) *	-----	-----	-----	0.2	0.0	0.1
Iron (ppm) *	-----	-----	-----	0.05	0.02	0.01
Lead (ppm) *	-----	-----	-----	0.021	0.000	0.003
Manganese (ppm) *	-----	-----	-----	0.00	0.00	0.00
Mercury (ppm) *	-----	-----	-----	0.000	0.000	0.000
Nickel (ppm) *	-----	-----	-----	0.0	0.0	0.0
Selenium (ppm) *	-----	-----	-----	0.001	0.000	0.000
Silver (ppm) *	-----	-----	-----	0.00	0.00	0.00
Thallium (ppm) *	-----	-----	-----	0.000	0.000	0.000
Zinc (ppm) *	-----	-----	-----	0.00	0.00	0.00
Potassium (ppm) *	-----	-----	-----	3.6	2.8	3.2
Sodium (ppm) *	-----	-----	-----	34.0	17.5	25.1
Cyanide (ppm) *	-----	-----	-----	0.00	0.00	0.00
Haloacetic Acids (HAA5) (ppb)	-----	-----	-----	43.4	5.4	17.9
Total Organic Carbon (ppm)	4.5	2.9	3.7	3.7	2.0	2.8
Total Trihalomethanes (ppb)	25.7	0.0	0.0	85.1	9.0	22.6
1,2-Dichloroethane (ppb)	0.0	0.0	0.0	0.6	0.0	0.0
Chloroform (ppb)	25.7	0.0	0.0	62.1	5.2	14.6
Carbon Tetrachloride (ppb)	3.1	0.0	0.0	0.0	0.0	0.0
Bromodichloromethane (ppb)	0.0	0.0	0.0	19.1	0.0	5.5
Tetrachloroethene (ppb)	0.0	0.0	0.0	0.0	0.0	0.0
BTX (Benzene, Toluene & Xylenes) (ppb)	1.3	0.0	0.0	0.0	0.0	0.0
Total Coliforms (CFUs/100 ml)	6800	28	600	110	0	0
E. coli (CFUs/100 ml)	-----	-----	-----	0	0	0

The results for constituents indicated with asterisks are from the Louisiana Department of Health and Hospitals.

Total Organic Carbon and Haloacetic Acid results are from a DHH certified contract laboratory.

All other results are from testing by the S&WB Water Quality Laboratory.

Lead and Copper results are from 2016 Lead and Copper Rule compliance testing.

Concerning the chemical results, the S&WB Laboratory does not meet the higher criteria required by DHH to be classified as a "DHH-OPH Certified Chemical Laboratory/Drinking Water;" therefore, any results reported by this laboratory for chemical drinking water parameters which are required to be analyzed in a certified laboratory are officially deemed invalid.

The S&WB Laboratory is certified by DHH for Total Coliform and E. coli testing.

SEWERAGE AND WATER BOARD OF NEW ORLEANS**December 31, 2017****TABLE VIII****CARROLLTON OPERATION**

CHEMICAL	CHEMICAL COST	CHEMICAL COST PER MILLION GALLONS
Lime	\$631,742.54	\$12.46
Ferric Coagulant	\$1,179,327.01	\$23.25
Chlorine & Sodium Hypochlorite	\$953,011.56	\$18.79
Sodium Polyphosphate	\$115,670.22	\$2.28
Polyelectrolyte	\$351,405.70	\$6.93
Fluoride	\$196,993.02	\$3.88
Ammonia	\$293,094.16	\$5.78
Carbon	\$0.00	\$0.00
TOTAL CHEMICALS	\$3,721,244.20	\$73.38

Purification Plant Operating Cost:

Total Water Treated in 2017:

50,714,680,000 Gallons

**TOTAL COST
PER MILLION GALLONS**

YEAR	TOTAL WATER TREATED IN MILLION GALLONS	OPERATING COST	TOTAL COST PER MILLION GALLONS
2017	50,714.68	\$8,208,239	\$161.85
2016	48,042.56	\$7,974,759	\$165.99
2015	47,616.37	\$8,238,282	\$173.01
2014	48,386.88	\$8,585,082	\$177.43
2013	50,240.70	\$8,119,447	\$169.71

SEWERAGE AND WATER BOARD OF NEW ORLEANS**December 31, 2017****TABLE IX****ALGIERS OPERATION**

CHEMICAL	CHEMICAL COST	CHEMICAL COST PER MILLION GALLONS
Lime	\$125,511.19	\$33.41
Ferric Coagulant	\$129,119.47	\$34.37
Sodium Hypochlorite	\$79,217.01	\$21.09
Sodium Polyphosphate	\$36,204.00	\$9.64
Polyelectrolyte	\$29,440.58	\$7.84
Fluoride (100%)	\$19,838.14	\$5.28
Ammonia	\$23,851.74	\$6.35
Carbon		\$0.00
TOTAL CHEMICALS	\$443,182.12	\$117.97

Purification Plant Operating Cost:

Total Water Treated in 2017:

3,756,670,000 Gallons

**TOTAL COST
PER MILLION GALLONS**

YEAR	TOTAL WATER TREATED IN MILLION GALLONS	OPERATING COST	TOTAL COST PER MILLION GALLONS
2017	3,756.67	\$1,646,337.91	\$438.24
2016	3,684.57	\$1,952,339.00	\$529.87
2015	3,807.99	\$1,835,436.00	\$482.00
2014	4,115.36	\$1,967,690.00	\$478.13
2013	4,227.86	\$2,061,032.00	\$487.49
2012	4,280.60	\$1,834,511.00	\$428.56

SEWERAGE AND WATER BOARD OF NEW ORLEANS**December 31, 2017****TABLE X****SLUDGE REMOVED FROM THE "G" BASINS PRIMARY TREATMENT UNITS
DOOR MONORAKE CONVENTIONAL SYSTEM
2017**

Total Million Gallons Water Treated	28,859.75
Total Tons Dry Sludge Deposited in Basins Including suspended and Dissolved Solids Removed and Reacting Chemicals	14,025
Total Million Gallons Wet Sludge Withdrawn from Basins	695.13
Average Percent solids in Wet Sludge	0.48
Total Million Gallons Water Used in withdrawing Sludge	693.73
Percent of Total Water Treated Used in Withdrawing Wet Sludge	2.41

TABLE X-A**SLUDGE REMOVED FROM THE "L" BASINS PRIMARY TREATMENT UNITS
DOOR MONORAKE CONVENTIONAL SYSTEM
2017**

Total Million Gallons Water Treated	21,788.26
Total Tons Dry Sludge Deposited in Basins Including suspended and Dissolved Solids Removed and Reacting Chemicals	9,841
Total Million Gallons Wet Sludge Withdrawn from Basins	276.80
Average Percent solids in Wet Sludge	0.85
Total Million Gallons Water Used in withdrawing Sludge	275.82
Percent of Total Water Treated Used in Withdrawing Wet Sludge	1.27

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2017

TABLE XI

2017 ANALYSIS DATA FOR NEW ORLEANS CARROLLTON DRINKING WATER PURIFICATION SYSTEM

PARAMETER	MISSISSIPPI RIVER (Before Purification)			FINISHED WATER (After Purification)		
	MAX	MIN	AVG	MAX	MIN	AVG
Total Alkalinity (ppm as CaCO ₃)	161	95	124	183	104	138
Total Hardness (ppm as CaCO ₃)	211	127	166	232	135	188
Noncarbonate Hardness (ppm as CaCO ₃)	79	21	42	85	22	49
Calcium Hardness (ppm as CaCO ₃)	138	73	106	190	93	128
Magnesium Hardness (ppm as CaCO ₃)	98	22	61	98	21	59
Nephelometric Turbidity (NTU)	345	6.2	86	0.17	0.07	0.11
pH	8.13	7.12	7.66	9.34	8.33	8.94
Chloride (ppm)	48	15	31	45	21	34
Fluoride (ppm)	0.30	0.15	0.21	0.89	0.58	0.74
Free Chlorine Residual (ppm as Cl ₂)	-----	-----	-----	0.4	0.1	0.1
Total Chlorine Residual (ppm as Cl ₂)	-----	-----	-----	4.8	0.5	3.4
Ammonia (ppm as N)	-----	-----	-----	0.37	0.04	0.14
Nitrate + Nitrite (ppm as N) *	-----	-----	-----	2.3	2.3	2.3
Conductivity (µS/cm)	636	306	478	663	313	535
Temperature (°F)	87	44	67	88	59	74
Antimony (ppm) *	-----	-----	-----	0.000	0.000	0.000
Arsenic (ppm) *	-----	-----	-----	0.000	0.000	0.000
Barium (ppm) *	-----	-----	-----	0.05	0.05	0.05
Beryllium (ppm) *	-----	-----	-----	0.000	0.000	0.000
Cadmium (ppm) *	-----	-----	-----	0.000	0.000	0.000
Chromium (ppm) *	-----	-----	-----	0.000	0.000	0.000
Copper (ppm) *	-----	-----	-----	0.2	0.0	0.1
Iron (ppm) *	-----	-----	-----	0.00	0.00	0.00
Lead (ppm) *	-----	-----	-----	0.021	0.000	0.003
Manganese (ppm) *	-----	-----	-----	0.00	0.00	0.00
Mercury (ppm) *	-----	-----	-----	0.000	0.000	0.000
Nickel (ppm) *	-----	-----	-----	0.000	0.000	0.000
Selenium (ppm) *	-----	-----	-----	0.001	0.000	0.000
Silver (ppm) *	-----	-----	-----	0.00	0.00	0.00
Thallium (ppm) *	-----	-----	-----	0.000	0.000	0.000
Zinc (ppm) *	-----	-----	-----	0.00	0.00	0.00
Sodium (ppm) *	-----	-----	-----	25.8	25.2	25.6
Cyanide (ppm) *	-----	-----	-----	0.00	0.00	0.00
Haloacetic Acids (HAA5) (ppb)	-----	-----	-----	20.3	5.4	14.6
Total Organic Carbon (ppm)	4.5	3.4	3.9	3.7	2.8	3.0
Total Trihalomethanes (ppb)	0.0	0.0	0.0	49.6	11.9	24.1
1,2-Dichloroethane (ppb)	0.0	0.0	0.0	0.0	0.0	0.0
Chloroform (ppb)	0.0	0.0	0.0	37.6	7.5	16.5
Carbon Tetrachloride (ppb)	0.0	0.0	0.0	0.0	0.0	0.0
Bromodichloromethane (ppb)	0.0	0.0	0.0	19.1	1.6	6.4
Tetrachloroethene (ppb)	0.0	0.0	0.0	0.0	0.0	0.0
BTX (Benzene, Toluene & Xylenes) (ppb)	0.0	0.0	0.0	0.0	0.0	0.0
Total Coliforms (CFUs/100 ml)	1600	28	600	110	0	0
E. coli (CFUs/100 ml)	-----	-----	-----	0	0	0

The results for constituents indicated with asterisks are from the Louisiana Department of Health and Hospitals.

Total Organic Carbon and Haloacetic Acid results are from a DHH certified contract laboratory.

All other results are from testing by the S&WB Water Quality Laboratory.

Lead and Copper results are from 2016 Lead and Copper Rule compliance testing.

Concerning the chemical results, the S&WB Laboratory does not meet the higher criteria required by DHH to be classified as a "DHH-OPH *Certified* Chemical Laboratory/Drinking Water;" therefore, any results reported by this laboratory for chemical drinking water parameters which are required to be analyzed in a certified laboratory are officially deemed invalid.

The S&WB Laboratory is certified by DHH for Total Coliform and *E. coli* testing.

SEWERAGE AND WATER BOARD OF NEW ORLEANS**December 31, 2017****TABLE XII****EXTRACTS FROM TABLES IV-E AND V**

**20 Year Period, 1998 to 2017 Inclusive
Maximum, Minimum, and Average Amount of
Water Treated Per Day
(M.G. per 24 Hours)**

YEAR	CARROLLTON			ALGIERS		
	MAX.	MIN.	AVG.	MAX.	MIN.	AVG.
1998	152.96	98.48	126.86	22.96	12.00	12.36
1999	168.25	122.55	140.26	22.00	8.90	15.19
2000	152.50	126.71	128.10	18.83	7.58	12.13
2001	153.93	107.75	126.70	15.76	6.00	10.90
2002	128.67	87.00	106.63	14.00	6.66	9.80
2003	144.26	90.75	115.35	13.16	8.00	10.06
2004	145.83	102.92	122.57	13.16	8.00	10.15
2005	144.00	0.00	115.47	22.67	7.00	10.20
2006	165.63	115.33	139.73	18.34	8.00	11.67
2007	144.75	124.00	134.06	16.00	10.00	12.13
2008	143.50	114.08	133.88	13.58	6.92	10.38
2009	147.92	129.83	138.17	14.00	8.00	10.78
2010	156.50	125.33	137.10	15.67	8.00	11.25
2011	150.83	127.17	139.37	16.83	10.00	11.73
2012	163.29	117.96	137.65	15.50	10.00	11.58
2013	141.83	120.00	131.08	15.25	10.00	11.27
2014	157.30	122.08	132.57	15.58	9.00	10.43
2015	144.71	118.33	130.47	13.92	8.83	10.09
2016	213.83	120.46	131.62	17.25	8.00	9.66
2017	149.19	125.13	138.94	14.00	8.00	10.29

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2017

TABLE XIII

Monthly Temperature (Degrees Farenheit) of the
Mississippi River Water at the Carrollton Plant

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
January	50	50	41	43	48	47	42	43	47	47
February	53	46	41	43	48	47	40	45	46	49
March	55	51	48	51	57	49	46	45	54	55
April	63	58	62	61	69	57	59	61	62	63
May	68	69	71	68	74	66	69	70	70	69
June	77	79	81	80	81	76	79	79	79	77
July	80	85	85	84	85	81	83	84	86	83
August	82	84	86	87	87	83	84	85	85	85
September	78	81	83	80	82	83	83	83	84	80
October	71	70	72	72	72	76	72	74	75	77
November	63	59	61	62	60	62	59	65	66	61
December	55	49	50	50	55	48	49	54	53	52
Maximum	85	86	89	90	89	86	86	87	87	87
Minimum	42	42	37	40	46	45	37	39	42	44
Average	66	65	65	65	68	65	64	66	67	67
<div>Ten Year Period</div> <div>Maximum: 90</div> <div>Minimum: 37</div> <div>Average: 66</div>										

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2017

TABLE XIV

Monthly Temperature (Degrees Farenheit) of the
Tap Water at the Carrollton Plant

	2013	2014	2015	2016	2017
January	65	62	62	57	64
February	66	61	62	59	64
March	66	66	66	66	67
April	69	72	73	72	72
May	73	77	76	77	76
June	81	80	80	83	80
July	81	83	83	88	82
August	81	84	82	87	84
September	84	84	80	86	83
October	78	79	76	81	81
November	72	69	70	74	72
December	64	65	64	66	65
Maxiumum	91	89	86	91	88
Minimum	49	44	55	52	59
Average	73	74	73	75	74

Five Year Period

Maximum: 91
Minimum: 44
Average: 74

SEWERAGE AND WATER BOARD OF NEW ORLEANS

New Orleans East Bank Sewerage Treatment Plant
2017 Yearly Summary

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2017
Plant EF Flow (MGD)													
Average	111.516	85.9	85.6	89.093	104.855	126.657	109	130.461	94.563	106.016	78.9	103.942	102
Maximum	212.7	118.2	173.7	183.9	172.5	172.1	146.8	198.1	129.8	175	89.5	179.9	213
INFLUENT BOD (mg/L)													
Average	85.7	98.3	95	87.6	69.9	56.2	58.5	82.9	134	113.6	158.2	135.4	98
Maximum	141	179	117	119	113	102	83	141	206	195	240	236	240
INFLUENT TSS (mg/L)													
Average	154.1	131.8	129.9	121.6	113	105	99.3	201.9	253.2	240.4	287.1	279.3	176
Maximum	288	202	173	165	178	297	137	383	513	396	546	550	550
INFLUENT BOD (lbs/day)													
Average	72,554	67,462	64	63,109	58,257	57,311	54,100	87,081	96,275	99,588	106,554	105,376	72,311
Maximum	118,539	137,492	108,019	98,992	78,976	95,531	79,328	144,961	146,549	174,957	172,738	192,551	192,551
INFLUENT TSS (lbs/day)													
Average	135,213	91,534	89,657	90,566	96,190	110,438	93,357	224,233	182,285	214,123	193,237	223,647	145,373
Maximum	314,328	173,790	164,929	188,621	160,378	278,165	128,997	516,825	364,949	469,628	364,747	560,035	560,035
EFFLUENT BOD (mg/L)													
Average	12.8	15.5	14	12.2	12.5	15	15.3	15	10.1	12.5	12.5	12.9	13.4
Weekly Maximum	21	27	37	26	29	24	20	22	16	20	26	29	37.0
EFFLUENT TSS (mg/L)													
Average	13.5	9.9	9.8	8.6	9.2	13.5	7.6	11.3	8.5	12.5	8.3	9.7	10.2
Weekly Maximum	39	24	60	4	31	40	12	22	16	31	13	32	60.0
EFFLUENT BOD (lbs/day)													
Average	11,962	11,206	10,519	9,010	11,084	15,909	13,905	16,499	8,012	10,872	8,285	11,098	11,530
Weekly Maximum	25,833	21,457	53,600	24,540	32,071	31,926	23,262	35,889	14,280	21,872	18,974	31,508	53,600
EFFLUENT TSS (lbs/day)													
Average	14,238	7,342	8,263	6,730	8,473	15,186	6,989	12,941	6,770	11,481	5,529	8,990	9,411
Weekly Maximum	69,183	23,659	86,919	26,073	34,282	53,209	13,361	35,889	12,990	38,212	9,140	48,012	86,919
EFFLUENT CL2 (mg/L)													
Average	0.5	0.49	0.49	0.5	0.49	0.49	0.49	0.49	0.48	0.49	0.48	0.49	0.49
Maximum	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.50
EFFLUENT COLIFORM (col/100-ml)													
Average (Geo)	2.77	2.91	2.25	2.94	2.93	5.75	2.43	3.44	3.54	3.55	2.61	2.52	3
Weekly Maximum (Geo)	3.48	3.67	2.25	3.29	3.74	9.89	2.67	4.93	4.38	6.09	3.99	2.71	10
EFFLUENT pH (su)													
Minimum	6.75	6.79	6.85	6.75	6.7	6.74	6.81	6.82	6.83	6.83	6.78	6.81	6.70
Maximum	6.91	7.02	7.09	6.91	6.88	6.98	6.86	6.94	6.94	6.99	6.95	6.95	7.09
DISPOSED SLUDGE (dry tons)													
Average per day	33.7	31.27	32.18	27.21	28.47	28.69	33.13	29.18	21.87	30.33	25.29	25.38	28.89
Total	606.82	531.55	766.59	625.62	654.92	516.45	726.89	437.65	383.67	515.59	598.68	740.33	7,117
ELECTRICITY (kwhr)													
Average per day	72,439	73,500	74,516	75,329	79,755	83,187	80,206	82,013	71,244	76,955	71,313	76,865	76,444
Total (kwhr)	2,245,607	2,058,001	2,310,001	2,335,201	2,472,401	2,578,801	2,486,401	2,542,400	1,923,600	2,385,602	2,282,009	2,305,944	27,925,968
RAINFALL (Inches) East Bank													
TOTAL	5.48	2.74	3.48	5.5	9.93	15.48	6.47	15.26	1.97	7.82	0.12	5.16	79.41

SEWERAGE AND WATER BOARD OF NEW ORLEANS

New Orleans West Bank Sewerage Treatment Plant
2017 Yearly Summary

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2017
Plant Eff Flow (MGD)													
Average	12.4	7.738	10.410	8.828	12.334	14.842	11.835	14.996	8.749	12.073	7.686	9.85	10.99
Maximum	33.37	14.520	23.190	27.2	29.9	32.6	20.82	31.070	12.13	30.55	9.97	24.60	33.37
Plant INF Flow (MGD)													
Average	13.995	9.809	9.300	9.979	13.556	16.06	12.687	16.015	9.274	12.74	8.105	10.35	11.81
Maximum	36.22	15.460	24.830	29.03	32.47	34.85	23.22	32.130	16.43	30.55	13.98	24.82	36.22
INFLUENT BOD (mg/L)													
Average	344.1	99.5	95	98.9	70.3	58.8	68.4	58	81.2	68.2	110.7	86.3	103.28
Maximum	690	138	123	126	107	109	102	107	104	109	239	118	690
INFLUENT TSS (mg/L)													
Average	517.1	98.7	85.3	98.3	71	73.2	72.8	82.7	66.1	61.6	87	104.8	116.55
Maximum	2559	165	124	158	124	117	113	115	95	109	249	173	2,559
INFLUENT BOD (lbs/day)													
Average	43,220	7,730	7,180	7,897	7,344	7,456	6,785	7,410	6,068	7,099	7,603	7,179	10,246
Maximum	140,163	11,463	11,804	12,200	13,241	13,897	8,917	17,638	8,861	15,287	14,969	15,525	140,163
INFLUENT TSS (lbs/day)													
Average	60,984	7,780	6,601	8,293	8,084	9,732	7,469	8,575	5,033	6,912	5,937	9,282	12,057
Maximum	224,305	12,826	14,703	19,369	19,574	22,194	12,024	27,600	9,745	27,772	15,617	35,811	224,305
EFFLUENT BOD (mg/L)													
Average	9.7	13.4	14.9	13.1	7.4	6.9	7	6.3	5.8	5	6.1	8.7	8.69
Weekly Maximum	13	19	20	22	14	11	12	13	8	11	9	13	22
EFFLUENT TSS (mg/L)													
Average	12.8	11	12.8	13.8	9.7	10.3	9.2	10.1	7.8	7.5	8.3	11.9	10.43
Weekly Maximum	35	17	22	24	23	17	15	21	12	18	12	33	35
EFFLUENT BOD (lbs/day)													
Average	976	854	1,320	1,106	798	906	726	842	425	572	390	746	805.12
Weekly Maximum	2,783	1,938	3,868	4,991	2,172	1,903	1,778	2,265	695	2,803	555	2,667	4,991
EFFLUENT TSS (lbs/day)													
Average	1,572	722	1,165	1,162	1,165	1,429	960	1,427	568	843	531	1,112	1,054.61
Weekly Maximum	9,741	2,059	4,255	5,444	4,738	4,078	2,578	5,442	908	4,586	775	6,770	9,741
EFFLUENT CL2 (mg/L)													
Average	1.16	1.13	1.03	1.05	1.08	0.93	1.07	0.97	1.1	1.04	1.22	1.08	1.07
Maximum	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.40
EFFLUENT COLIFORM (col/100-ml)													
Average (Geo)	3.31	3.79	3.85	5.31	3.77	4.79	2.79	7.51	3.9	4.24	2.12	3.15	4.04
Weekly Maximum (Geo)	16.61	12.39	4.93	53.72	6.42	9.52	7.04	80.95	15.14	10.58	2.29	12.82	80.95
EFFLUENT pH (su)													
Minimum	7.7	7.40	7.45	7.52	7.66	7.74	7.7	7.75	7.61	7.75	7.49	7.64	7.40
Maximum	8.04	7.65	7.67	7.85	7.92	7.91	7.85	7.94	7.91	7.94	7.96	7.91	8.04
DISPOSED SLUDGE (dry tons)	Raw Sewage Hauled to Kenner	Raw Sewage Hauled to Kenner	Raw Sewage Hauled to Kenner										
Average per day	0	0	6.76	5.41	4.38	4.09	4.36	3.67	5.28	4.54	5.93	6.25	4
Total	0.00	0.00	67.61	97.36	113.9	65.45	82.90	106.46	132.08	118.16	130.46	74.96	989
ELECTRICITY (kwhr)													
Average per day	8,481	6,794	8,158	8,406	8,406	8,405	10,739	9,172	9,172	9,544	8,593	7,797	8,806
Total (kwhr)	279,667	255,015	277,381	235,355	235,361	277,354	322,181	266,000	266,000	305,415	257,799	257,302	3,236,030
RAINFALL (Inches) West Bank													
TOTAL	3.90	2.42	5.20	4.54	14.53	10.14	9.54	11.45	0.05	2.59	0.09	2.03	66.48

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ANNUAL REPORT 2017 - FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2017
SEWER TABULATION NUMBER 1
SEWER LINES AND MANHOLES IN THE SYSTEM AS OF DECEMBER 31, 2017

SEWER LINES DISCARDED AND INSTALLED IN 2017

ORIGINAL CONSTRUCTION (FEET)	DESTROYED OR ABANDONED IN 2017 (FEET)	BUILT IN 2017 (FEET)	REMAINING IN THE SYSTEM AS OF 12/31/2017 (FEET)	REMAINING IN THE SYSTEM AS OF 12/31/2017 (MILES)
8,281,658.5	35,022.1	122,145.7	8,368,782.1	1,584.997

SEWER MANHOLES REMOVED AND INSTALLED IN 2017

ORIGINAL CONSTRUCTION	REMOVED IN 2017	BUILT IN 2017	REMAINING IN THE SYSTEM AS OF 12/31/2017
23,115	15	58	23,158

DETAILS OF SEWER LINES AND SEWER MANHOLES INSTALLED (CONSTRUCTED) IN 2017

ITEMS	BOARD FUNDED	BY OTHERS	TOTAL FEET	TOTAL MILES
6" P.V.C.	572.0	55,442.8	56,014.8	10.609
8" P.V.C.	583.0	57,299.4	57,882.4	10.963
10" P.V.C.	0.0	4,340.7	4,340.7	0.822
12" P.V.C.	21.0	2,014.3	2,035.3	0.385
15" P.V.C.	0.0	773.5	773.5	0.146
18" P.V.C.	0.0	804.0	804.0	0.152
21" P.V.C.	0.0	295.0	295.0	0.056
TOTAL SEWER LINES CONSTRUCTED IN 2017	1,176.0	120,969.7	122,145.7	23.1
SEWER MANHOLES CONSTRUCTED IN 2017	BOARD FUNDED	BY OTHERS	TOTAL MANHOLES BUILT IN 2017	
	40	18	58	

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ANNUAL REPORT 2017 - FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2017

SEWER TABULATION NUMBER 2

LENGTH OF SEWER LINES OF EACH SIZE AND MATERIAL DISCARDED, BUILT, AND NOW REMAINING IN THE SYSTEM

SIZE & MATERIAL OF SEWER	TOTAL LENGTH IN SYSTEM AS OF 12/31/2016	DESTROYED OR ABANDONED IN 2017	BUILT IN 2017	NOW REMAINING IN THE SYSTEM AS OF 12/31/2017
72" Steel	29,182.4			29,182.4
68" Steel	9,061.9			9,061.9
66" Steel	28,979.7			28,979.7
66" Concrete	13,740.7			13,740.7
60" Steel	2,577.7			2,577.7
60" Concrete	722.8			722.8
57" Concrete	1,766.8			1,766.8
54" Steel	44,014.5			44,014.5
54" Concrete	7,030.4			7,030.4
51" Concrete	755.9			755.9
50" Steel	135.0			135.0
48" Steel	21,147.2			21,147.2
48" Concrete	10,127.6			10,127.6
48" Fiberglass Reinforced	10,900.2			10,900.2
48" P.V.C.	3,663.4			3,663.4
45" Concrete	3,048.4			3,048.4
42" Steel	3,580.2			3,580.2
42" Concrete	19,121.2			19,121.2
39" Brick	832.8			832.8
39" Concrete	3,871.8			3,871.8
36" Vitrifified Clay	1,894.9			1,894.9
36" Cast Iron	431.0			431.0
36" Steel	332.6			332.6
36" Prestressed Concrete	11,273.0			11,273.0
36" Reinforced Concrete	9,312.7			9,312.7
36" P.V.C.	10,604.0			10,604.0
33" Brick	3,080.9			3,080.9
33" Vitrifified Clay	562.3			562.3
33" Reinforced Concrete	1,381.4			1,381.4
30" Brick	2,763.0			2,763.0
30" Vitrifified Clay	7,538.5			7,538.5
30" Cast Iron	4,305.9			4,305.9
30" Steel	3,535.2			3,535.2
30" Prestressed Concrete	484.0			484.0
30" Reinforced Concrete	33,920.5			33,920.5
30" Fiberglass Reinforced	16,400.0			16,400.0
30" P.V.C.	996.0			996.0
27" Vitrifified Clay	24,428.4			24,428.4
27" Reinforced Concrete	13,336.4			13,336.4
27" P.V.C.	4,634.0			4,634.0
24" Vitrifified Clay	31,572.2			31,572.2
24" Cast Iron	16,269.2			16,269.2
24" Ductile Iron	619.0			619.0

SIZE & MATERIAL OF SEWER	TOTAL LENGTH IN SYSTEM AS OF 12/31/2016	DESTROYED OR ABANDONED IN 2017	BUILT IN 2017	NOW REMAINING IN THE SYSTEM AS OF 12/31/2017
24" Steel	87.0			87.0
24" Reinforced Concrete	26,537.0			26,537.0
24" Asbestos Cement	4,924.2			4,924.2
24" P.V.C.	5,949.6			5,949.6
21" Reinforced Concrete	10,903.1	294.0		10,609.1
21" P.V.C.	5,520.4		295.0	5,815.4
20" Ductile Iron Pipe	1,991.4			1,991.4
18" P.V.C.	19,556.0		804.0	20,360.0
16" Steel	120.0			120.0
16" Asbestos Cement	28,460.9			28,460.9
16" Plastic	1,913.1			1,913.1
15" Vitrifified Clay	98,693.1	674.0		98,019.1
15" P.V.C.	14,407.9		773.5	15,181.4
15" Plastic Truss	1,334.6			1,334.6
12" Vitrifified Clay	108,874.6	1,045.0		107,829.6
12" P.V.C.	68,855.0		2,035.3	70,890.3
10" Vitrifified Clay	152,120.1	3,775.0		148,345.1
10" Steel	130.0			130.0
10" Concrete	47,254.9	1,906.5		45,348.4
10" Asbestos Cement	4,356.2			4,356.2
10" P.V.C.	136,554.5		4,340.7	140,895.2
10" Plastic Truss	4,677.5			4,677.5
8" Terra Cotta	311,898.7	2,898.3		309,000.4
8" Vitrifified Clay	3,968,544.4	23,286.5		3,945,257.9
8" Cast Iron	32,036.2			32,036.2
8" Ductile Iron	2,233.0			2,233.0
8" Concrete	265,998.9	335.0		265,663.9
8" Asbestos Cement	3,562.9	125.0		3,437.9
8" P.V.C.	917,934.9	125.0	57,882.4	975,692.3
8" Plastic Truss	61,911.8			61,911.8
8" Plastic	690,814.6	85.5		690,729.1
6" Terra Cotta	9,194.7	463.8		8,730.9
6" Vitrifified Clay	76,522.4			76,522.4
6" Cast Iron	4,204.4			4,204.4
6" Asbestos Cement	4,493.9			4,493.9
6" P.V.C.	401,805.0		56,014.8	457,819.8
6" Plastic Truss	1,763.3			1,763.3
6" Plastic	364,876.3	8.5		364,867.8
4" Cast Iron	874.2			874.2
4" Ductile Iron	180.4			180.4
4" P.V.C.	5,525.7			5,525.7
4" Plastic	126.0			126.0
Total Linear Feet	8,281,658.5	35,022.1	122,145.7	8,368,782.1

SEWERAGE AND WATER BOARD OF NEW ORLEANS
ANNUAL REPORT 2017 - FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2017
WATER TABULATION NUMBER 1
WATER LINES, MANHOLES, VALVES, AND FIRE HYDRANTS IN THE SYSTEM AS OF DECEMBER 31, 2017

WATER LINES DISCARDED AND INSTALLED IN 2017

ORIGINAL CONSTRUCTION (FEET)	DESTROYED OR ABANDONED IN 2017 (FEET)	BUILT IN 2017 (FEET)	REMAINING IN THE SYSTEM AS OF 12/31/2017 (FEET)	REMAINING IN THE SYSTEM AS OF 12/31/2017 (MILES)
9,623,631.0	11,442.2	31,397.4	9,643,586.2	1,826.437

WATER MANHOLES REMOVED AND INSTALLED IN 2017

ORIGINAL CONSTRUCTION	REMOVED IN 2017	BUILT IN 2017	REMAINING IN THE SYSTEM AS OF 12/31/2017
30,508	64	142	30,586

WATER VALVES REMOVED AND INSTALLED IN 2017

ORIGINAL CONSTRUCTION	REMOVED IN 2017	INSTALLED IN 2017	REMAINING IN THE SYSTEM AS OF 12/31/2017
29,831	33	142	29,940

FIRE HYDRANTS REMOVED AND INSTALLED IN 2017

ORIGINAL CONSTRUCTION	REMOVED IN 2017	INSTALLED IN 2017	REMAINING IN THE SYSTEM AS OF 12/31/2017
23,146	12	80	23,214

DETAILS OF WATER LINES, MANHOLES, VALVES, AND FIRE HYDRANTS INSTALLED (CONSTRUCTED) IN 2017

DETAILS OF WATER LINES, MANHOLES, VALVES, AND FIRE HYDRANTS INSTALLED (CONSTRUCTED) IN 2017				
ITEMS	BOARD FUNDED	BY OTHERS	TOTAL FEET	TOTAL MILES
2" P.V.C.	1,664.1	1,112.5	2,776.6	0.526
4" P.V.C.	1,296.2	751.5	2,047.7	0.388
4" DUCTILE IRON	2,037.5	240.0	2,277.5	0.431
6" P.V.C.	1,433.8	1,654.0	3,087.8	0.585
6" DUCTILE IRON	574.7	234.0	808.7	0.153
8" P.V.C.	6,883.8	2,070.9	8,954.7	1.696
8" DUCTILE IRON	1,600.0	385.0	1,985.0	0.376
12" P.V.C.	2,930.8	21.0	2,951.8	0.559
12" DUCTILE IRON	4,501.6	20.0	4,521.6	0.856
20" DUCTILE IRON	36.0	0.0	36.0	0.007
20" P.V.C.	1,950.0	0.0	1,950.0	0.369
TOTAL WATER LINES CONSTRUCTED IN 2017	24,908.5	6,488.9	31,397.4	5.946
WATER MANHOLES CONSTRUCTED IN 2017	BOARD FUNDED	BY OTHERS	TOTAL MANHOLES BUILT IN 2017	
	110	32	142	
WATER VALVES INSTALLED IN 2017	BOARD FUNDED	BY OTHERS	TOTAL WATER VALVES INSTALLED IN 2017	
	110	32	142	
FIRE HYDRANTS INSTALLED IN 2017	BOARD FUNDED	BY OTHERS	TOTAL FIRE HYDRANTS INSTALLED IN 2017	
	75	5	80	

SEWERAGE AND WATER BOARD OF NEW ORLEANS

DECEMBER 31, 2017

WATER TABULATION NUMBER 2

LENGTH OF WATER LINES OF EACH SIZE AND MATERIAL, NUMBER OF VALVES OF EACH SIZE, BOTH GATE AND CHECK,
ORIGINALLY INSTALLED, THE QUANTITIES DISCARDED OR BUILT, AND THE QUANTITIES NOW REMAINING IN THE DISTRIBUTION SYSTEM

WATER LINES						VALVES				
SIZE	MATERIAL	TOTAL LENGTH IN SYSTEM AS OF 12/31/2016	DESTROYED OR ABANDONED IN 2017	BUILT IN 2017	NOW REMAINING IN THE SYSTEM AS OF 12/31/2017	SIZE	EXISTING IN SYSTEM AS OF 12/31/2016	REMOVED IN 2017	INSTALLED IN 2017	REMAINING IN SYSTEM AS OF 12/31/2017
54"	Concrete Pipe	7,535.1			7,535.1	48"	16			16
50"	Steel Pipe	88,374.0			88,374.0	42"	4			4
48"	Cast Iron Pipe	12,759.3			12,759.3	36"	18			18
48"	Steel Pipe	36,637.1			36,637.1	30"	66			66
48"	Concrete Pipe	4,982.9			4,982.9	24"	39			39
43"	Cast Iron Pipe	11,170.1			11,170.1	20"	133	3	3	133
42"	Cast Iron Pipe	4,349.6			4,349.6	16"	193			193
42"	Concrete Pipe	9,361.9			9,361.9	14"	3			3
36"	Cast Iron Pipe	4,523.3			4,523.3	12"	2,309	8	25	2,326
36"	Steel Pipe	16,922.0			16,922.0	10"	72	0	0	72
36"	Concrete Pipe	37,374.7			37,374.7	8"	6,755	6	22	6,771
36"	Prestressed Concrete	675.0			675.0	6"	13,007	10	54	13,051
30"	Cast Iron Pipe	59,740.1			59,740.1	4"	7,216	6	38	7,248
30"	Ductile Iron Pipe	296.0			296.0	Total	29,831	33	142	29,940
30"	Steel Pipe	19,863.1			19,863.1					
30"	Concrete Pipe	71,216.4			71,216.4					
30"	Prestressed Concrete	36,654.4			36,654.4					
30"	Reinforced Concrete	3,919.6			3,919.6					
30"	P.V.C. Pipe	3,716.1			3,716.1					
24"	Cast Iron Pipe	30,090.0			30,090.0					
24"	P.V.C. Pipe	1,372.0			1,372.0					
24"	Ductile Iron Pipe	140.0			140.0					
24"	Concrete Pipe	4,062.5			4,062.5					
20"	P.V.C. Pipe	10,370.5		1,950.0	12,320.5					
20"	Cast Iron Pipe	87,685.9	1,918.0		85,767.9					
20"	Ductile Iron Pipe	10,405.4		36.0	10,441.4					
20"	Concrete Pipe	18,755.8			18,755.8					
20"	Prestressed Concrete	212.5			212.5					
20"	Asbestos Cement	12,688.0			12,688.0					
18"	Reinforced Concrete	970.5			970.5					
16"	Cast Iron Pipe	112,496.7			112,496.7					
16"	Ductile Iron Pipe	6,692.7			6,692.7					
16"	Concrete Pipe	5,681.6			5,681.6					
16"	Asbestos Cement	63,245.6			63,245.6					
16"	P.V.C. Pipe	14,604.0			14,604.0					
15"	Reinforced Concrete	1,069.3			1,069.3					
12"	Cast Iron Pipe	840,099.2	3,583.5		836,515.7					
12"	Ductile Iron Pipe	17,663.5		4,521.6	22,185.1					
12"	Steel Pipe	1,272.9			1,272.9					
12"	Asbestos Cement	358,289.2	685.6		357,603.6					
12"	P.V.C. Pipe	237,508.4		2,951.8	240,460.2					
10"	Cast Iron Pipe	10,271.7			10,271.7					
10"	Ductile Iron Pipe	670.0			670.0					
10"	Asbestos Cement	12,763.6			12,763.6					
10"	P.V.C. Pipe	7,896.0			7,896.0					
8"	Cast Iron Pipe	114,517.6	182.9		114,334.7					
8"	Ductile Iron Pipe	41,175.0		1,985.0	43,160.0					
8"	Asbestos Cement	697,824.4			697,824.4					
8"	P.V.C. Pipe	876,700.1		8,954.7	885,654.8					
8"	Plastic Pipe	318,036.5			318,036.5					
6"	Cast Iron Pipe	2,466,332.0	2,921.1		2,463,410.9					
6"	Ductile Iron Pipe	21,812.9		808.7	22,621.6					
6"	Asbestos Cement	1,038,850.0	48.5		1,038,801.5					
6"	P.V.C. Pipe	303,330.4	2,003.6	3,087.8	304,414.6					
6"	Plastic Pipe	121,385.5			121,385.5					
4"	Cast Iron Pipe	1,166,441.5	99.0		1,166,342.5					
4"	Ductile Iron Pipe	3,539.8		2,277.5	5,817.3					
4"	Asbestos Cement	22,250.8			22,250.8					
4"	P.V.C. Pipe	24,269.7		2,047.7	26,317.4					
4"	Plastic Pipe	3,833.1			3,833.1					
3"	Galvanized Steel	3,361.7			3,361.7					
2"	Cast Iron Pipe	7,909.9			7,909.9					
2"	Galvanized Steel	9,620.0			9,620.0					
2"	P.V.C. Pipe	80,045.3		2,776.6	82,821.9					
1"	Galvanized Steel	5,346.6			5,346.6					
Total Linear Feet		9,623,631.0	11,442.2	31,397.4	9,643,586.2					
Total Miles		1,822.657	2.167	5.946	1,826.437					

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Table of Rainfall in New Orleans

December 31, 2017

YEAR No.	YEAR	JANUARY		FEBRUARY		MARCH		APRIL		MAY		JUNE		JULY		AUGUST		SEPTEMBER		OCTOBER		NOVEMBER		DECEMBER		ANNUAL MONTHLY AVERAGE	EXCESS OR DEFICIT
		AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE	AMOUNT	TOTAL TO DATE		
115	2008	6.32	5.64	11.96	2.57	14.53	7.88	22.41	7.76	30.17	6.52	36.69	3.91	40.60	7.77	48.37	7.87	56.24	1.36	57.60	2.06	59.66	1.86	61.52	6.13	2.27	
	total avg.	528.45	529.94	1,060.66	580.68	1,641.34	557.64	2,205.94	554.66	2,760.64	645.51	3,414.19	748.43	4,162.62	678.12	4,840.74	646.03	5,486.75	370.32	5,857.07	422.00	6,282.13	534.84	6,814.92			
		4.60	4.61	9.22	5.05	14.27	4.85	19.18	4.82	24.01	5.61	29.69	6.51	36.20	5.90	42.09	5.62	47.71	3.22	50.93	3.67	54.63	4.65	59.25			
116	2009	5.16	2.97	8.13	6.17	14.30	1.21	15.51	2.46	17.96	2.40	20.36	3.82	24.18	4.62	28.80	7.45	36.25	7.57	43.82	0.78	44.60	19.81	64.41	5.37	6.11	
	total avg.	533.61	532.91	1,068.79	586.85	1,655.64	558.85	2,221.45	557.12	2,778.60	647.91	3,434.55	752.25	4,186.80	682.74	4,869.54	653.48	5,523.00	377.89	5,900.89	422.78	6,326.73	554.65	6,878.73			
		4.60	4.59	9.21	5.06	14.27	4.82	19.15	4.80	23.95	5.59	29.61	6.48	36.09	5.89	41.98	5.63	47.61	3.26	50.87	3.64	54.54	4.78	59.30			
117	2010	1.75	5.91	7.66	2.74	10.40	2.97	13.37	6.12	19.49	7.24	26.73	5.62	32.35	5.88	41.93	2.26	44.19	0.39	44.58	2.32	46.90	1.58	48.49	4.04	10.72	
	total avg.	535.36	538.82	1,076.45	589.59	1,666.04	561.82	2,234.81	563.24	2,798.09	655.15	3,461.28	757.87	4,219.15	692.32	4,911.47	655.74	5,567.19	378.29	5,945.47	425.10	6,373.64	556.23	6,927.21			
		4.58	4.61	9.20	5.04	14.24	4.80	19.10	4.81	23.92	5.60	29.58	6.48	36.06	5.92	41.98	5.60	47.58	3.23	50.82	3.63	54.48	4.75	59.21			
118	2011	2.99	1.59	4.59	6.49	11.08	0.27	11.35	0.90	12.25	4.18	16.42	11.48	27.91	1.57	29.48	9.99	39.47	0.14	39.61	1.66	41.27	0.78	42.04	3.60	17.02	
	total avg.	538.35	540.42	1,081.04	596.08	1,677.12	562.09	2,246.17	564.13	2,810.34	659.33	3,477.71	769.35	4,247.06	693.89	4,940.95	666.73	5,606.66	378.43	5,985.08	426.76	6,414.91	557.00	6,969.26			
		4.66	4.58	9.16	5.05	14.21	4.76	19.04	4.78	23.82	5.59	29.47	6.52	35.99	5.88	41.87	5.64	47.51	3.21	50.72	3.62	54.36	4.72	59.06			
119	2012	1.74	3.38	5.12	6.16	11.28	8.14	19.42	2.45	21.87	4.84	26.71	12.80	39.60	17.79	57.39	3.83	61.22	0.15	61.36	2.13	63.50	2.30	65.80	5.48	0.88	
	total avg.	540.00	543.79	1,086.16	602.24	1,688.39	570.23	2,265.58	566.58	2,832.21	664.17	3,504.42	782.25	4,286.66	711.68	4,998.34	669.55	5,667.88	378.57	6,046.45	428.90	6,478.40	559.30	7,035.06			
		4.54	4.57	9.13	5.06	14.19	4.79	19.04	4.76	23.80	5.68	29.45	6.57	36.02	5.98	42.00	5.63	47.63	3.18	50.81	3.60	54.44	4.70	59.12			
120	2013	5.14	6.82	11.96	0.55	12.51	12.51	25.01	4.51	29.52	4.55	34.08	4.43	38.51	4.58	43.09	5.44	48.53	2.19	50.72	2.81	53.53	4.48	58.01	4.83	1.10	
	total avg.	545.24	550.61	1,098.12	602.78	1,700.90	582.74	2,290.60	571.09	2,861.73	668.72	3,538.49	786.68	4,325.17	716.26	5,041.43	674.99	5,716.41	380.76	6,097.17	431.71	6,531.94	563.78	7,093.07			
		4.54	4.59	9.15	5.02	14.17	4.86	19.09	4.76	23.85	5.67	29.49	6.56	36.04	5.97	42.01	5.62	47.64	3.17	50.81	3.60	54.43	4.70	59.11			
121	2014	2.72	6.54	9.26	6.44	15.70	2.19	17.89	7.68	25.57	6.41	31.98	6.49	38.47	4.74	43.21	4.20	47.41	1.94	49.35	1.47	50.82	3.70	54.52	4.54	-4.55	
	total avg.	547.96	557.15	1,107.37	609.22	1,716.60	584.93	2,308.48	578.78	2,887.30	675.13	3,570.47	793.17	4,363.64	721.00	5,084.64	679.19	5,763.82	382.71	6,146.52	433.17	6,582.76	567.49	7,147.60			
		4.53	4.60	9.15	5.03	14.10	4.83	19.08	4.78	23.86	5.68	29.51	6.56	36.06	5.96	42.02	5.61	47.63	3.16	50.80	3.58	54.40	4.69	59.07			
122	2015	4.76	1.65	6.41	4.21	10.62	11.29	21.91	6.86	28.78	2.75	31.53	4.32	35.85	2.59	38.45	4.15	42.60	6.21	47.81	5.52	53.33	6.76	60.09	6.01	1.01	
	total avg.	552.72	558.80	1,113.79	613.43	1,727.22	596.22	2,330.40	585.64	2,916.08	677.88	3,602.00	797.50	4,399.50	723.59	5,123.09	683.34	5,806.41	387.92	6,194.33	438.69	6,636.08	574.25	7,207.68			
		4.53	4.58	9.13	5.03	14.16	4.887	19.10182	4.80	23.90	5.58	29.52	6.54	36.06	5.93	41.99	5.60	47.59	3.1798	50.7732	3.5958	54.39412	4.707	59.08			
123	2016	4.87	2.48	7.15	6.99	14.14	11.73	25.87	5.62	31.49	8.16	39.65	4.34	43.99	7.63	51.62	3.58	55.20	0.02	55.22	3.92	59.14	4.7	63.84	6.32	4.72	
	total avg.	557.39	561.28	1,118.67	620.42	1,739.09	607.95	2,356.27	591.26	2947.53	686.04	3633.57	801.84	4,443.49	731.22	5,174.71	686.92	5,861.63	387.94	6,249.57	442.61	6,692.18	578.95	7,271.13			
		4.53	4.56	9.09	5.0441	14.14	4.9427	19.16664	4.807	23.9636	5.5778794	29.54121	6.519	36.12592	5.945	42.07081	5.5847	47.65536	3.164	50.809511	3.5985	54.40798	4.7069	59.11488			
124	2017	5.21	1.7	6.91	4.46	11.37	5.5	16.87	10.56	27.43	10.84	38.27	6.79	45.06	14.13	59.19	1.47	60.66	7.16	67.82	0.22	68.04	5.01	73.05	9.09	13.82	
	total avg.	562.60	562.98	1,125.58	624.88	1,750.46	613.45	2,363.91	601.82	2965.73	696.88	3662.61	808.63	4,471.24	745.35	5,216.59	688.39	5,904.98	395.10	6,300.08	442.83	6,742.91	583.96	7,344.18			
		4.54	4.54	9.08	5.0394	14.12	4.9472	19.06377	4.8534	23.9172	5.6200183	29.53717	6.5212	36.05837	6.011	42.06927	5.5516	47.62084	3.1863	50.807096	3.5712	54.37832	4.7093	59.22726			

SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 31, 2017

COST OF OPERATIONS IDENTIFICATION PROGRAM

BENCHMARKING 2017

ADMINISTRATIVE SERVICES DEPARTMENT

Insurance Cost per Employee:

Workers' Compensation	\$	1,942,236.00
Auto Liability	\$	241,859.00
General Liability	\$	138,389.00

ENGINEERING DEPARTMENT

Total Capital Program Design and Construction Contracts Cost Growth		9.50%
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ENVIRONMENTAL DEPARTMENT

Cost of Typical Industry Sampling Event	\$	2,463.06
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FACILITY MAINTENANCE DEPARTMENT

Cost to set 5/8" water meter	\$	104.04
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MANAGEMENT SERVICES DEPARTMENT

FINANCE:

Cost to Process a Miscellaneous Invoice	\$	12.62
Cost to Process a Vendor Invoice	\$	12.92
Cost to Process a Paycheck	\$	6.24

PERSONNEL:

Cost to Hire an Employee	\$	267.35
Cost to complete a Voluntary - Employee Termination	\$	24.09
Employee Turnover Rate		20.65%
Cost to Train an Employee		0.52%

PURCHASING:

Cost to Process a Sundry Purchase Order	\$	62.50
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REVENUE:

Cost to Read a Meter	\$	2.46
Cost to Render a Bill (Less Meter Reading)	\$	0.84
Cost to Manage a Customer by Phone	\$	2.60
Cost to Manage a Customer by Mail	\$	12.45
Cost to Manage a Walk-in Customer	\$	7.08
Cost to Process a Mail-in Payment	\$	1.40
Cost to Process a Walk-in Payment	\$	2.37

SUPPORT SERVICES DEPARTMENT

Average Annual Maintenance Cost	\$	1,000.00
Per Piece of Equipment		20-25%

SEWERAGE AND WATER BOARD OF NEW ORLEANS

SINGLE AUDIT REPORTS

DECEMBER 31, 2017



Postlethwaite & Netterville

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SEWERAGE AND WATER BOARD OF NEW ORLEANS

SINGLE AUDIT REPORTS

DECEMBER 31, 2017

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Single Audit Reports

December 31, 2017

Table of Contents

	Page
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and the Schedule of Expenditures of Federal Awards	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8
Summary Schedule of Prior Audit Findings	14
Management's Corrective Action Plans and Responses to the Findings and Recommendations	16

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Members of the Board
Sewerage and Water Board of New Orleans:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Sewerage and Water Board of New Orleans (the "Board"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2017-003.

The Board's Response to Findings

The Board's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

New Orleans, Louisiana
November 30, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Members of the Board
Sewerage and Water Board of New Orleans:

Report on Compliance for Each Major Federal Program

We have audited the Sewerage and Water Board of New Orleans' (the "Board") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended December 31, 2017. The Board's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Board's compliance.

Opinion on Each Major Federal Program

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-004. Our opinion on the major federal program is not modified with respect to this matter.

The Board's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Board as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements. We issued our report thereon dated November 30, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Postlethwaite & Netterville

New Orleans, Louisiana
November 30, 2018

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Expenditures of Federal Awards

December 31, 2017

Federal Grantor/Pass-Through Grantor/ Program Title/Grant Name	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures in 2017
U.S. Environmental Protection Agency:			
Direct award:			
Urban Waters Small Grants	66.440	N/A	\$ 1,095
Environmental Education Grants	66.951	N/A	<u>53,300</u>
Total U.S. Environmental Protection Agency			<u>54,395</u>
U.S. Department of Homeland Security:			
Pass-through program from:			
State of Louisiana, Office of Homeland Security and Emergency Preparedness			
Disaster Grants - Public Assistance	97.036	1792-DR-LA, 1603- DR-LA-0411, & VARIOUS OTHERS	29,357,240
Hazard Mitigation Grant Program	97.039	1792-022-0002, 1603-071-0039, & VARIOUS OTHERS	15,815,332
Pass-through program from:			
City of New Orleans			
Hazard Mitigation Grant Program	97.039	1603-DR-LA-0429	<u>3,698,431</u>
Total Hazard Mitigation Grant Program			<u>19,513,763</u>
Total U.S. Department of Homeland Security			<u>48,871,003</u>
Total Federal Awards Expended			<u><u>\$ 48,925,398</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2017

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Sewerage and Water Board of New Orleans (the "Board") under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Example Entity.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Board has elected not to use the 10% de minimus cost rate allowed under the Uniform Guidance.

(3) Relationship to Basic Financial Statements

Federal awards are included in the statement of net position and the statement of revenues, expenses and changes in net position as follows:

Capital contributions	\$ <u>48,925,398</u>
-----------------------	----------------------

(4) Loans Payable to Federal Agency Under Federal Program

The Board entered into an agreement with the Louisiana Department of Environmental Quality (LDEQ) whereby the LDEQ loaned the Board \$9,000,000 to fund sewer main replacements, point repairs, replacement of associated service connections and laterals, sewer line rehabilitation by cured in-place pipe lining and manhole rehabilitation. The loan was advanced in incremental amounts as project costs were incurred. The indebtedness to the LDEQ is evidenced through the Sewerage Service Subordinate Revenue Bonds, Series 2011. Annual principal payments are due beginning November 1, 2013 and continuing through November 1, 2032. Interest on the bonds is incurred at the rate of 0.45%, and the LDEQ administrative fee rate is 0.5%. Interest and administrative fee payments began on May 1, 2012 and are due semi-annually thereafter. As of December 31, 2017, \$6,906,000 is recorded as bonds payable. There are no continuing compliance requirements for this loan other than repayment, and as a result, the loan is not included on the schedule of expenditures of federal awards.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

(1) Summary of Independent Auditors' Results

Financial Statements

- (a) The type of report issued on the basic financial statements: Unmodified
- (b) Internal control over financial reporting:
Material weakness(es) identified: Yes
Significant deficiency(ies) identified: None reported
- (c) Noncompliance which is material to the basic financial statements: Yes

Federal Awards

- (d) Internal control over major federal programs:
Material weakness(es) identified: None reported
Significant deficiency(ies) identified: None reported
- (e) Type of auditor's report issued on compliance for major federal programs: Unmodified
- (f) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes
- (g) Identification of major federal program:
CFDA No. 97.036 – Disaster Grants – Public Assistance
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$1,467,762
- (i) Auditee qualified as a low-risk auditee under the Uniform Guidance: No

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

(2) **Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards***

2017-001 Accounting and Financial Reporting

Criteria: The Sewerage and Water Board should have systems of internal accounting control which ensures the financial statements are presented in accordance with U.S. generally accepted accounting principles on a timely basis.

Condition: The Sewerage and Water Board does not have adequate policies, procedures, and related internal controls to prepare accurate and complete financial statements on a timely basis.

Context/Cause: During our audit, we noted that the Sewerage and Water Board does not prepare certain account reconciliations and analysis of certain accounts on an on-going basis throughout the year. Certain of these reconciliations and analyses on significant accounts were not prepared until well after year-end. The resulting reconciliations and analyses when completed resulted in significant adjustments to its accounting records.

Timeliness of financial reporting was also impacted by the implementation of a new billing system in October 2016, flooding in the New Orleans area in August 2017 that significantly impacted operations, and changes in management which occurred in 2017 and 2018.

Effect: The Sewerage and Water Board recorded material adjustments significantly after year-end to several major accounts to ensure the financial statements were presented in accordance with U.S. generally accepted accounting principles. The major accounts that required material adjustments included cash and cash equivalents; customer accounts receivable; grants receivable; miscellaneous accounts receivable; property, plant, and equipment; accounts payable; accrued interest; operating revenues; capital contributions revenue; and operating expenses.

Recommendations: The Sewerage and Water Board should evaluate its accounting and financial reporting function. Specifically, the Sewerage and Water Board should consider the following:

- Ensure adequate resources (both number and skill set) are dedicated to the accounting and reporting function.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

(2) **Findings relating to the basic financial statements reported in accordance with Government Auditing Standards (continued)**

2017-001 Accounting and Financial Reporting (continued)

- Develop and implement policies, procedures, and related controls over account reconciliations and preparation of the financial statements to ensure that accounts are reconciled timely. This process should include timely review of account reconciliations and analyses by someone other than the preparer to verify that there are no errors or significant unidentified variances.
- Unidentified variances in account reconciliations should be researched and corrected timely.
- Major accounts should be reconciled to supporting documentation with minimal or no variances or unresolved differences at least monthly.
- All accounts should be reconciled to supporting documentation with minimal or no variances or unresolved differences at least quarterly.
- Adjustments identified as a result of these account reconciliations should be recorded on a timely basis.

Views of responsible
officials and planned

corrective actions: Management concurred with the finding and outlined a corrective action (See page 16).

2017-002 Customer Accounts, Receivable and Revenue

Criteria: The Board should have adequate internal controls in place to ensure customer accounts are billed correctly, recorded correctly in the accounting records, collection is appropriately pursued, and an adequate allowance for doubtful accounts is recorded in the financial statements.

Condition: The Board implemented a new customer billing system in October 2016 which substantially changed the billing processing environment from a once-daily batch update process to a real-time continuous update process. Following this conversion and throughout 2017, customer billings were not being sent on a timely basis, a high number of disputed billings occurred, and collection of customer accounts deteriorated. Beginning under new management in mid-2018, significant effort and resources were expended to improve the reliability of customer billings, resolve customer billing disputes, and accelerate collection efforts. These efforts resulted in significant adjustments to The Board's 2017 accounting records. These difficulties with customer accounts has also adversely affected The Board's cash reserve position.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

2017-002 Customer Accounts, Receivable and Revenue (continued)

Context/Cause: (a) The Board balanced the new billing system to the old billing system at the time of cutover to the new system but did not perform monthly reconciliations throughout 2017 to balance the new billing system to the general ledger. Not until 2018 did the Board contract with the vendor that implemented the new billing system to assist in identifying reasons for the variances and other billing issues. (b) Customer accounts receivable balances were not properly reconciled to the customer billing system resulting in significant adjustments subsequent to year-end. (c) The Board did not prepare timely and accurate bills when old customers moved out, which caused an increase in the receivable reserves/write-offs of the Board, and new customers moved in, which delayed collection. (d) Management of the Board did not perform timely review of customer billing to identify unusual invoice amounts and consumption to ensure completeness and accuracy of billing and payment activities. (e) Due to issues related to billing described above, the Board temporarily delayed account collection procedures related to delinquent accounts which resulted in slow collection of outstanding balances.

Effect: In 2018, as a result of the resolution of billings disputed by customers, adjustments to those billings and 2017 recorded customer revenue and receivables occurred. In addition, during the audit process, other material adjustments were recorded by the Board to customer revenue, customer accounts receivable, and the related allowance for doubtful account balances.

Recommendations: The Board should develop procedures to ensure that customer billings are completed accurately and in a timely manner. These procedures should include performing analyses to detect unusual fluctuations due to errors. The Board should also reconcile the billing system to the general ledger system on a monthly basis.

Views of responsible
officials and planned

corrective actions: Management concurred with the finding and outlined a corrective action (See page 16).

2017-003 Timely Submission of Audit Reports

Criteria: Under Louisiana statute (LA R.S. 24:513), the Board is required to have an annual audit of its financial statements prepared in accordance with U.S. generally accepted accounting principles and to complete the audit and file it with the Legislative Auditor of the State of Louisiana by June 30 of each year.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

2017-003 Timely Submission of Audit Reports (continued)

Under the Uniform Guidance, the Board is required to submit the annual audit reporting package and Data Collection Form to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

In accordance with the Continuing Disclosure requirements of S.E.C. Rule 15c2-12(b)(5) included in the Board's bond agreements, the Board is required to file the annual audit with the Electronic Municipal Market Access system (EMMA) by August 31 of each year.

Condition: The Board did not meet the June 30, 2018 deadline for reporting to the Louisiana Legislative Auditor, the September 30, 2018 deadline for reporting to the Federal Audit Clearinghouse, and the August 31, 2018 deadline for reporting to EMMA.

Context/Cause: The Board did not prepare financial statements in accordance with U.S. generally accepted auditing standards on a timely basis. Timeliness of financial reporting impacted by timeliness of account reconciliations, the implementation of a new billing system in October 2016, flooding in the New Orleans area in August 2017 that significantly impacted operations, and changes in management which occurred in 2017 and 2018.

Effect: The Board is non-compliant with the state audit law, the Uniform Guidance, and the Continuing Disclosure requirements with respect to timeliness of submissions. The Board was granted an extension to November 30, 2018 to file the annual financial report with the Louisiana Legislative Auditor.

Recommendations: The Board should ensure that they complete year-end close out procedures on a timely basis to allow sufficient time for the auditor to complete their audit procedures in accordance with *Government Auditing Standards*.

Views of responsible officials and planned corrective actions: Management concurred with the finding and outlined a corrective action (See page 16).

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

(3) Findings and questioned costs related to federal awards

2017-004 Timely Submission of Audit to the Federal Audit Clearinghouse

CFDA Number and Program Title: Not applicable

Questioned Costs: Not applicable

Repeat Finding: No

See detailed finding for timely submission of audit reports at 2017-003.

(4) Other report

The Louisiana legislative Auditor issued a report titled "Sewerage and Water Board of New Orleans – Louisiana House of Representatives Resolution 92 and Drainage Operations" on November 7, 2018, which provides for the results of the Louisiana Legislative Auditor's review of the Board's contract processes and documentation. In addition, the report includes the Louisiana Legislative Auditor's evaluation of the Board's overall drainage operations and recommendations resulting from their evaluation.

For the full report and a complete listing of findings and recommendations, refer to Louisiana Legislative Auditor's website at: www.la.la.gov.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Summary Schedule of Prior Audit Findings

Year ended December 31, 2017

Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards*

2016-001 Customer Accounts, Receivable and Revenue

- Criteria: The Board should have adequate internal controls in place to ensure customer accounts are reconciled monthly to the general ledger systems. In addition, the Board should have procedures in place to ensure that all customers are properly billed on a monthly basis.
- Condition: The Board implemented a new customer billing system in October 2016 which substantially changed the complexity of the processing environment from a once-daily batch update process to a real-time continuous update process. (a) The Board recorded adjustments during the audit to correct customer accounts due to delays in the monthly billing processes. (b) Management discovered that a significant number of accounts were not timely billed. (c) Adjustments were also required to resolve differences in revenue and receivables between the customer billing system and the general ledger. (d) The Board did not perform reconciliations in a timely manner to ensure that general ledger account balances were complete and accurate.
- Recommendations: The Board should develop procedures to ensure that billings are completed in a timely manner. These procedures should include performing analysis to detect unusual fluctuations due to errors and reconciling the billing system to the Board's general ledger system on at least a monthly basis.
- Status: Not resolved. See repeat finding 2017-002.

2016-002 Reconciliation of Construction in Progress

- Criteria: The Board has a significant number of construction projects in progress. The Board should have systems of internal accounting control, which provide for proper accounting and financial reporting of capital assets, including the proper recording of the completion of construction projects.
- Condition: The Board did not have adequate policies, procedures, and internal controls in place to ensure that all construction projects that were substantially complete were closed out and transferred to depreciable assets on a timely basis. In addition, the Board did not timely provide a detail of open construction projects that agreed to the amount reported.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Summary Schedule of Prior Audit Findings

Year ended December 31, 2017

Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards* (continued)

2016-002 Reconciliation of Construction in Progress (continued)

Recommendations: The Board should improve policies and procedures and related internal controls to ensure that capital assets are properly classified. These controls should include maintaining accurate and complete CIP listings and appropriate review of depreciable asset and CIP balances to ensure proper accounting and financial reporting. The Board should also strengthen its reconciliation of its CIP listing and implement a formal review procedure of the capital assets roll forward and projects within the CIP account to ensure that the amounts recorded on the roll forward agree to the amounts recorded on the trial balance by individual capital asset account.

Status: Resolved.

2016-003 Theft of Inventory

Criteria: The Board should have systems of internal control to prevent and detect theft of inventory.

Condition: The Board did not have adequate systems of internal control in place to prevent or detect the theft of inventory on a timely basis.

Recommendations: As a result of the finding, the Board implemented changes to its security and logistics measures. The Board should continue to assess its preventative processes and procedures over safeguarding of its assets. In addition, the Board should communicate with its employees the importance of ethical behavior and the Board's code of conduct.

Status: Resolved.



"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21ST CENTURY"

Sewerage & Water Board OF NEW ORLEANS

625 ST. JOSEPH STREET
NEW ORLEANS, LA 70165 • 504-529-2837 OR 52-WATER
www.swbno.org

November 30, 2018

Ms. Brandy Smith, Partner
Postethwaite & Netterville, APAC
One Galleria Blvd., Ste. 2100
Metairie, LA 70001

RE Corrective Action Plan for Findings in 2017 Audit

Dear Ms. Smith:

This letter is intended to document the Corrective Action Plan for findings 2017-001, 2017-002 and 2017-003 contained in the 2017 Audit.

2017-001 Accounting and Financial Reporting

Criteria: The Sewerage and Water Board should have systems of internal accounting control which ensures the financial statements are presented in accordance with U.S. generally accepted accounting principles on a timely basis.

Condition: The Sewerage and Water Board does not have adequate policies, procedures, and related internal controls to prepare accurate and complete financial statements on a timely basis.

Cause: During our audit, we noted that the Sewerage and Water Board does not prepare certain account reconciliations and analysis of certain accounts on an on-going basis throughout the year. Certain of these reconciliations and analyses on significant accounts were not prepared until well after year-end. The resulting reconciliations and analyses when completed resulted in significant adjustments to its trial balance.

Timeliness of financial reporting was also impacted by the implementation of a new billing system in October 2016,

- 16 -

flooding in the New Orleans area in August 2017 that significantly impacted operations, and changes in management which occurred in 2017 and 2018.

Effect: The Sewerage and Water Board recorded material adjustments significantly after year-end to several major accounts to ensure the financial statements were presented in accordance with U.S. generally accepted accounting principles. The major accounts that required material adjustments included cash and cash equivalents; customer accounts receivable; grants receivable; miscellaneous accounts receivable; property, plant, and equipment; accounts payable; accrued interest; operating revenues; capital contributions revenue; and operating expenses.

Recommendations: The Sewerage and Water Board should evaluate its accounting and financial reporting function. Specifically, the Sewerage and Water Board should consider the following:

- Ensure adequate resources (both number and skill set) are dedicated to the accounting and reporting function.
- Develop and implement policies, procedures, and related controls over account reconciliations and preparation of the financial statements to ensure that accounts are reconciled timely. This process should include timely review of account reconciliations and analyses by someone other than the preparer to verify that there are no errors or significant unidentified variances.
- Unidentified variances in account reconciliations should be researched and corrected timely.
- Major accounts should be reconciled to supporting documentation with minimal or no variances or unresolved differences at least monthly.
- All accounts should be reconciled to supporting documentation with minimal or no variances or unresolved differences at least quarterly.
- Adjustments identified as a result of these account reconciliations should be recorded on a timely basis.

Corrective
Action Plan:

Management concurred with the finding and will develop a process for preparing and reviewing financial statements. The Board will implement procedures that assign dedicated staff to specific accounting reconciliation, reporting, and preparation of financial statement. We plan to implement a procedure of reconciling all major balance sheet accounts on a regular basis. We will have supervisors with appropriate skills and knowledge review these reconciliations and follow up on any unresolved differences in a timely manner. We will implement a procedure that all non-standard entries to these accounts will require review and approval by an accounting supervisor. Financial controls have been modified so that account reconciliations are routinely conducted and reviewed by someone other than the preparer and variances corrected timely. We plan on further limiting the number of accounting staff with authorization to record General

Journal entries and implement a more stringent review process of them. We will have internal audit include testing of balance sheet reconciliation in their testing schedule. The changes needed to accomplish these recommendations will be implemented by June 30, 2018. Rosita Thomas, Finance Administrator, is responsible for ensuring that this is accomplished.

2017-002 Customer Accounts, Receivable and Revenue

Criteria: The Board should have adequate internal controls in place to ensure customer accounts are billed correctly, recorded correctly in the accounting records, collection is appropriately pursued, and an adequate allowance for doubtful accounts is recorded in the financial statements.

Condition: The Board implemented a new customer billing system in October 2016 which substantially changed the billing processing environment from a once-daily batch update process to a real-time continuous update process. Following this conversion and throughout 2017, customer billings were not being sent on a timely basis, a high number of disputed billings occurred, and collection of customer accounts deteriorated. Beginning under new management in mid-2018, significant effort and resources were expended to improve the reliability of customer billings, resolve customer billing disputes, and accelerate collection efforts. These efforts resulted in significant adjustments to The Board's accounting records. These difficulties with customer accounts has adversely affected The Board's cash reserve position.

Cause: (a) The Board balanced the new billing system to the old billing system at the time of cutover to the new system but did not perform monthly reconciliations throughout 2017 to balance the new billing system to the general ledger. Not until 2018 did the Board contract with the vendor that implemented the new billing system to assist in identifying reasons for the variances and other billing issues. (b) Customer accounts receivable balances were not properly reconciled to the customer billing system resulting in significant adjustments subsequent to year-end. (c) The Board did not prepare timely and accurate bills when old customers moved out, which caused an increase in the receivable reserves/write-offs of the Board, and new customers moved in, which delayed collection.

Effect: In 2018, as a result of the resolution of billings disputed by customers, adjustments to those billings and 2017 recorded customer revenue and receivables occurred. In addition, during the audit process, other material adjustments were recorded by the Board to customer revenue, customer accounts receivable, and the related allowance for doubtful account balances.

Recommendations: The Board should develop procedures to ensure that customer

billings are completed accurately and in a timely manner. These procedures should include performing analyses to detect unusual fluctuations due to errors. The Board should also reconcile the billing system to the general ledger system on a monthly basis.

Corrective

Action Plan:

Management concurred with these findings and has already initiated many of the items listed in the recommendations. It is noted that the billing system vendor has revised the revenue transfer process to detect and address discrepancies in revenue data transferred into the general ledger. The vendor has also provided additional training for staff on the customer transfer process while providing more efficient tools to facilitate the timeliness of the final bill process. Additional tools have been identified including the ability to run monthly billing reports that are reconciled to the general ledger. These billing details can be reviewed for various dollar amounts, usage, estimates versus actuals, number of customers billed, etc. Finally, a third party contractor has been brought in to perform a review of the billing process and recommended changes as necessary. They are reviewing the entire bill cycle from meter reading to bill issuance as well as performing quality assurance on the bill collection process. Recommendations will be reviewed and implementation of necessary changes to accomplish these recommendations will be in place by June 30, 2018. Yvette Downs, Deputy Director/Chief Financial officer, is responsible for ensuring that this is accomplished.

2017-003 Timely Submission of Audit Reports

Criteria:

Under Louisiana statute (LA R.S. 24:513), the Board is required to have an annual audit of its financial statements prepared in accordance with U.S. generally accepted accounting principles and to complete the audit and file it with the Legislative Auditor of the State of Louisiana by June 30 of each year.

Under the Uniform Guidance, the Board is required to submit the annual audit reporting package and Data Collection Form to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

In accordance with the Continuing Disclosure requirements of S.E.C. Rule 15c2- 12(b)(5) included in the Board's bond agreements, the Board is required to file the annual audit with the Electronic Municipal Market Access system (EMMA) by August 31 of each year.

Condition:

The Board did not meet the June 30, 2018 deadline for reporting to the Louisiana Legislative Auditor, the September 30, 2018 deadline for reporting to the Federal Audit Clearinghouse, and the August 31, 2018 deadline for reporting to EMMA.

Cause: The Board did not prepare financial statements in accordance with U.S. generally accepted auditing standards on a timely basis. Timeliness of financial reporting impacted by timeliness of account reconciliations, the implementation of a new billing system in October 2016, flooding in the New Orleans area in August 2017 that significantly impacted operations, and changes in management which occurred in 2017 and 2018.

Effect: The Board is non-compliant with the state audit law, the Uniform Guidance, and the Continuing Disclosure requirements with respect to timeliness of submissions. The Board was granted an extension to November 30, 2018 to file the annual financial report with the Louisiana Legislative Auditor.

Recommendations: The Board should ensure that they complete year-end close out procedures on a timely basis to allow sufficient time for the auditor to complete their audit procedures in accordance with Government Auditing Standards.

Corrective
Action Plan: Management concurred with the finding that the Board did not meet the June 30, 2018 reporting deadline. However, as noted, an extension to file the annual financial report was granted by the Louisiana Legislative Auditor and the extension reported to EMMA as requested. The unusual and extreme circumstances experienced in 2017 and 2018 have been identified and corrective actions have been taken to enhance the system reliability, increase billing reliability, and stabilize management. As noted previously, additional tools have been added to improve the reconciliation process and to improve the quality of data transferred from subledgers. Finally, the Board is moving to enhance its financial systems by obtaining an invoice workflow tracking system, replacing its GL/AP and payroll systems and implementing a new procurement system. The new invoice workflow will enhance visibility of the payment accrual process and will be implemented in 2019. Selection of a new, with an implementation schedule to be determined with the selected vendor. Implementation of the new payroll system will be completed by December 31, 2018, implementation of an invoice workflow system will be completed by June 30, 2019 and selection of a new GL/AP/Procurement system will be completed by June 30, 2019. Yvette Downs, Deputy Director/Chief Financial officer, is responsible for ensuring that this is accomplished.

2017-004 Timely Submission of Audit to the Federal Audit Clearinghouse

See detailed finding and management corrective action plan for timely submission of audit reports at 2017-003.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Yvette R D Downs', written in a cursive style.

Yvette R D Downs, MBA
Deputy Director/Chief Financial Officer

Independent Accountant's Report
On Applying Agreed-Upon Procedures
For the Year Ended December 31, 2017

Members of the Board of Directors
Sewerage and Water Board of New Orleans

We have performed the procedures enumerated below, which were agreed to by the Sewerage and Water Board of New Orleans (the Board) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2017. The Board's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*no exceptions noted*". If not, then a description of the exception ensues.

Written Policies and Procedures

1. Obtain the Entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Entity does not have any written policies and procedures), as applicable:

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exceptions noted.

- b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list. (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law or state purchasing rules and regulations; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions noted.

- c) ***Disbursements***, including processing, reviewing, and approving.

No exceptions noted.

- d) **Receipts**, including receiving, recording, and preparing deposits.

No exceptions noted.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

No exceptions noted.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review (4) approval process, and (5) monitoring process

No exceptions noted.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

No exceptions noted.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

No exceptions noted.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees including elected officials annually attest through signature verification that they have read the Entity's ethics policy.

Exception identified: No written policies regarding (4) the requirement that all employees including elected officials annually attest through signature verification that they have read the Entity's ethics policy.

Management's response: *The Board follows the State Statute on Ethics as it requires that all employees comply with the annual training requirement. The Board has subsequently created an agency Ethics policy to address compliance with the Louisiana Revised Statute 42:1111-1121, and have purchased a document management system to assist with tracking employee signatures.*

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No exceptions noted.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

No exceptions noted.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and other major funds. If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

No exceptions noted.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

No exceptions noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We obtained a listing of client bank accounts from management and management's representation that the listing is complete. No exceptions noted.

4. Using the listing provided by management, select all of the Entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation;

Exception identified: The 132 bank reconciliations selected for testing did not have evidence that a member of management or a board member reviewed each bank reconciliation.

Management's Response: A member of management reviews bank reconciliations on a monthly basis which is documented by various emails. However, to enhance transparency and accountability, the Board will begin to initial bank reconciliations upon completion of review.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Exception identified: Of the 11 bank accounts selected for testing, 4 year-end bank reconciliations did not have documentation reflecting that reconciling items outstanding for more than 6 months as of the end of the year had been researched.

Management's Response: The Board reviews items that have been outstanding for more than 6 months, which is documented by weekly email reports to the Finance Administrator. However, to enhance transparency and accountability, the Board will begin to initial bank reconciliations upon completion of review.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

We obtained a listing of cash collection locations and management's representation that the listing is complete. No exceptions noted.

6. Using the listing provided by management, select all of the Entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. **For each cash collection location selected:**

- a. Obtain existing documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is 1) bonded, 2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by a board member or an outside party) and 3) not required to share the same cash register or drawer.

Exception identified: 2) For 2 out of the 5 locations selected for testing, the same person collected cash and recorded the related transaction in the general ledger.

Management's Response: Although 2 accounting personnel collect cash and all record journal entries to record the collection, there is management approval for the journal entry before it is entered into the system. This work has been separated so that the staff making deposits do not make the general ledger transaction.

- b. Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash location selected.

No exceptions noted.

- c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using Entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day.

Exception identified: For 22 out of 45 transactions selected for testing, deposits were not made within one day of collection. The number of days from receipt to deposit ranged from 2 to 5 days for the 22 transactions identified as exceptions.

Management's Response: A secured armoured transport picks up cash collections daily from S&WB facilitates and delivers collections to the bank. Convenience store locations submit payments to S&WB electronically. Timing differences may vary due to the time of day that a payment is made versus the timing of the armoured car deposit pickup.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exceptions noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Entity has a process specifically defined (identified as such by the Entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued) by a person who is not responsible for collections.

No exceptions noted.

Disbursements – Other General

8. Obtain a listing of Entity disbursements from management or, alternately, obtain the general ledger and sort/filter for Entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

We obtained a listing of the Board's disbursements and management's representation that the listing is complete. No exceptions noted.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

No exceptions noted.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

No exceptions noted.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order (P.O.), or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

No exceptions noted.

10. Using Entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Entity's purchasing/disbursement system.

Exception identified: The Board has an employee who has access to process payments as well as has the authority to set up vendors in the system.

Management's Response: The Board concurs and will transfer the vendor set up process to procurement beginning in 2019.

11. Using Entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

No exceptions noted.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review Entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

No exceptions noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Procedures 14 through 16 are not applicable as the Entity does not have credit cards, debit cards, fuel cards, or p-cards.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

We obtained a listing of all travel and related expense reimbursements, by person, during the fiscal period and management's representation that the listing is complete. No exceptions noted.

18. Obtain the Entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (GSA) and report any rates that exceed the GSA rates.

We obtained the Board's written policies related to travel and expense reimbursements. The Board's per diem rate is \$75 compared to the GSA per diem rate of \$64.

Management's Response: The Board's Travel Policy in place during Fiscal Year 2017 has the per diem rate set at \$75. This is actually lower than the FSA rate as GSA per diem only covers food and beverages. The Board's per diem is all inclusive and includes food, beverages, cabs, tips, public transportation, etc. These items are separate reimbursements under GSA policy and the actual costs often exceed the Board per diem.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Entity does not have written policies, compare to the PPM 49 rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions noted.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased.
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

No exceptions noted.

- c) Compare the Entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

We obtained a listing of all contracts in effect during the fiscal period and management's representation that the listing or general ledger is complete. No exceptions noted.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner or the Louisiana Legislative Auditor). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions noted.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code (bid law) and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

Not applicable.

- If no, obtain supporting contract documentation and report whether the Entity solicited quotes as a best practice.

No exceptions noted.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No exceptions noted.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No exceptions noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law.

No exceptions noted.

Payroll and Personnel

- 22. Obtain a listing of employees with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, select 25 employees and:

- a) Report whether all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exceptions noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.

No exceptions noted.

- c) Report whether there is written documentation that the Entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted.

24. Obtain from management a list of those employees that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Exception identified: For the 2 employee termination payments selected for testing, there was no documented approval by management of the termination payouts.

Management's Response: *The Board follows Civil Service Rule regarding the terminal leave and annual and sick leave at separation as provided under Rule VIII.*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics

26. Using the five selected employees from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the Entity maintained documentation to demonstrate that required annual ethics training was completed.

Exception identified: For 2 out of 5 employees selected for testing, there was no documentation to demonstrate that required annual ethics training was completed.

Management's Response: *The Board has policy's in place to sign off on verification of completion once ethics trainings have been completed. The 2 exceptions identified were an oversight by the Board.*

27. Inquire of management whether any alleged ethics violations were reported to the Entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No exceptions noted.

Debt Service

28. If debt was issued during the fiscal period, obtain supporting documentation from the Entity, and report whether State Bond Commission approval was obtained.

No exceptions noted.

29. If the Entity had outstanding debt during the fiscal period, obtain supporting documentation from the Entity and report whether the Entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

No exceptions noted.

30. If the Entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

No exceptions noted.

Other

31. Inquire of management whether the Entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the Entity is domiciled.

No exceptions noted.

32. Observe and report whether the Entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Sincerely,

Postlethwaite & Netterville

New Orleans, Louisiana
November 30, 2018